

A journey along western Europe's linguistic fault line



Formula One sees trouble in the driving mirror



Could it be sunset for the bronze age?



FINANCIAL TIMES

WEEKEND JULY 31/AUGUST 1 1993

Envoys achieve breakthrough in **Bosnia talks**

Europe's Business Newspar

international mediators yesterday achieved a breakthrough when Bosnia's president Alija Izetbegovic caved in to pressure and approved the division of Bosnia into three republics as part of a settlement to end the sixteen-month war.

The agreement between Mr Izetbegovic and his Sorb and Croat adversaries appeared to favour a Serb and Croat plan to form their own ethnic

Littlechild urges reforms: The UK electricity industry regulator, Professor Stephen Littlechild, is to decide this year on whether to refer the UK's two main generators to the Monopolies and Mergers Commission, casting doubt on ministers' plans to raise £5.5bn from privatisation sales in 1994-95. He called for wide reform in the power trading market. Page 24; Lex. Page 24; Page 7

Major to give evidence to arms inquiry:



John Major, the UK prime minister, is to give evidence in public to the inquiry into arms exports to Iraq on January 17 next year. Sir Richard Scott, (left) the Appeal Court judge presiding over the inquiry, named current and former ministers he wants to give evidence before Christmas, Page 6

Bentley given limited pardon: Derek Bentley. hanged 40 years ago for murdering a policeman, has been granted a posthumous pardon limited to sentence. UK home secretary Michael Howard said he believed a free pardon remained inappropriate. Bentley's accomplice, who fired the shots that killed the policeman, was too young to he

US budget to face final vote: US President Bill Clinton's budget will face a final vote in Congress next week after negotiators from the House of Representatives and the Senate wrapped up a compromise bill. Page 4; Man in the News.

Israel ignores truce offer: Israel ignored a truce offer from pro-Iranian Hizbollah guerrillas and vowed to keep up its aerial and artillery bombardment of villages in southern Lebanon. Meanwhile the US continued its efforts to afrange a ceasefire after six days of bombing. Page 4; A blow for compromise and conciliation,

Barclays to amend forms: Barclays, Britain's higgest bank, is to amend its customer application forms after banks were told they must allow a choice of whether personal account details can be used by their sales subsidiaries to market products. Page 5

UN orders Somalia torture inquiry: The United Nations ordered an immediate inquiry into charges by Africa Rights, a London-based rights organisation, that UN troops in Somalia killed and tortured civilians. Page 4

The Body Shop wins damages: The Body Shop, the tolletries and cosmetics group, was awarded £274,000 High Court libel damages over a programme in the Channel Four Dispatches series which questioned its commitment to animal welfare. The company's founders Gordon Roddick, chairman, and Anita Roddick, managing director, were awarded £1,000 each. Channel 4 and programma makers Fulcrum Productions denied

Microsoft shares fall sharply: Shares of Microsoft, the world's largest computer software company, dropped sharply as analysts cut their estimates for fiscal 1994 earnings. Page 12; World stocks, Page 21

Chemicals company fined: West Yorkshire chemicals company Hickson and Welch was fined £250,000 and ordered to pay £150,000 costs after a fire at its plant killed five workers.

LDP picks leader: Japan's Liberal Democratic party has chosen a relatively young, self-proclaimed reformer, Yohei Kono, as its president. Page 4

Bridgestone, the Japanese tyre maker which owns Firestone of the US, dashed hopes of growth this year, cutting Y9bn (\$85m) from its forecast for worldwide net profits and saying it expected sales to fall Y100bn short of original expectations.

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FT-SE 100:	•		rk lunchti 1.48585	ite:
FT-A All-Share1448.76	(+0.5%)		1,485	(1.4865)
Nekkei20,360.14	(-76.71)		2.585	
Herr Yoric knachtime Dow Jones Ind Ave3536.96	(-30.46)	Ffr cc.	8.84 2.28	
S&P Composite447.30	(-2.94)		155.75	
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Federal Funds: 3% 3-mo Trees Bills: Yld			LLAR rk kunchti 1.7405 5.9675 1.5227	me:
3-mo interbank	(Sep 109)	London: DM	104.93	
Brent 15-day (Sep)\$16.78	(17.0)	SFr Y	1.5225 104.95 66.2	
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Future of ERM in balance

Intervention fails to prevent heavy sales of weak currencies

in Brussels and John Ridding

THE BATTLE of wills between currency investors and European governments was unresolved last night after unprecedented intervention by central banks failed to prevent further heavy selling of

weak currencies After the Bundesbank and other European central banks spent an estimated DM50bn to DM70bn (£19bn-£27bn) buying the French and Belgian francs and Danish krone, all three currencies ended European trading on or close to their floors in the exchange rate mechanism. By comparison, an estimated £15bn was spent to support sterling last September 16, the day it was

forced ont of the ERM. International investors including pension funds, big companies and hedge-fund speculators stepped up their selling of weak ERM currencies, believing that the strains would soon force either a broad ERM re-alignment or a suspension of the rules keeping the system in place,

The second day in succession of bectic currency trading also forced a weakening in the Spanlsh peseta and Portuguese escudo, two of the ERM's ailing

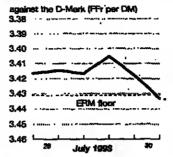
It largely obscured an effort hy French government officials to persuade the Bundeshank to make a more substantial cut in interest rates after its largely technical move on Thursday. The French authorities are THE ERM CRISIS

Pages 2 and 3

- Nightmare facing French policy makers Franc fort on the brink
- of surrender ■ Frankfurt dives for cover Fund managers rush to
- limit their exposure
- Gold bursts \$400 level UK harks back to warning
- of 'fault lines' ■ Editorial Comment...Page 8
- Currencies......Page 13 ■ London stocks......Page 1S ■ World stocks......Page 21Page 24

believed to be trying to force the Bonn government to choose between calling for a politically sensitive devaluation of the franc, or to exert discreet pressure on the Bundesbank to lower sbort-term rates. "It is a trial of strength," said one European monetary official.

In Germany, Mr Johann Wilhelm Gaddum, a Bundesbank council member, appeared to hold out the possibility of an escape route to the turmoil hy saying the central bank would not stand in the way if money market interest rates threatened to fall below the central bank's 6.75 per cent discount rate. That was interpreted as a softAn ill wind for weak currencles blows fair for equities and gold Danish krone French franc Belgian franc



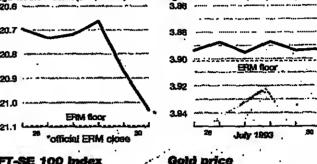
Paris bourse CAC 40 Index

26

ening in the Bundeshank's approach. Action by the central bank on Thursday in keeping its discount rate unchanged while cutting its less important Lombard rate half a percentage point triggered the two days of tumult. The intense discussions yester-

day between central bankers and finance ministry officials across Europe are likely to continue this weekend in a hid to resolve the Mr Edouard Balladur, the French prime minister who is

seeking to keep the existing franc/O-Mark parity, reacted coolly to the day of high drama, saying the ERM rules "were working well." He added later.



FT-SE 100 Index **Gold price** in Landon (\$ per troy cunce)

"France will not allow anything to be imposed upon it."

But in spite of these comments. for much of yesterday's trading, tha French and Belgian francs and the krone were at their floors against the D-Mark, in spite of huge intervention from the central banks.

When official ERM trading closed at 4pm in London, after which central banks are not obliged to intervene, the French franc and krone drifted well below their permitted levels.

After 4pm, the franc fell as low

as FFr3.433 to the D-Mark, about a % of a centime below its permitted floor at FFr3.4305. It later recovered to close in London at

delayed, with some Tory MPs

echoing demands that the second

stage of implementation - due in

that Mr Kenneth Clarke, the

chancellor, would have to offset

higher fuel costs with generous

compensation for those on low

incomes and the elderly.

Senior ministers acknowledged

1995 - should be abandoned.

July 1993

FFr3.42, a fall of 0.3 centimes on the day. The krone was last night quoted at DKr3.9025 to the D-Mark, weaker than the permitted level of DKr3.9016.

France's refusal to allow a devaluation of the franc appears part of a wider strategy aimed at pressing the Bundesbank to cut interest rates, according to European monetary officials.

They said Parts had made clear had no intention of calling for general ERM realignment. Instead it wished to nut the onus on the German central bank to prop up the franc through inter-

Continued on Page 24

room for manoeuvra in the

November Budget. Some minis-

ters are arguing that any further

those on high incomes.

Day of turmoil on Europe's financial markets

07.00: Trading starts in London with intervention by the central banks of Belgium and Spain in support of their currencies. French franc bovers above FFr3.4180 to the D-Mark, the level that the Bank of France has regularly supported. (All times are BST in London.)

9.00: Belgium raises official interest rates by a full percent-age point to defend the Belgian

10.00: French franc falls to FFr3.42 to the D-Mark and onickly moves below its exchange rate mechanism floor of FFr3.4305. The Bank of France and Bundesbank launch massive intervention, buying the franc at the ERM floor.

10.15: Danish krone and Belgian franc fall to their ERM floors against the D-Mark.

10.50: Johann Wilhelm Gaddum, a Bundesbank council member, says German call money could fall below the discount rate. Analysts believe this statement could relieve tensions in the sys-

11.00: George Soros, one of the leading currency speculators, announces he is ready to sell the French franc, in contrast to statements earlier this week. 12.25: Bank of Portugal intervenes heavily to support the

13.44: Edouard Balladur, French prime minister, says the ERM is working well but that the continned success of the system depends on the goodwill of

14.30: Bundesbank spokesman denies a council meeting is being

16.00: Official ERM tradins and central bank intervention is saverely limited Mr Clarke's reduced. The French franc drifts well below its ERM floor to a low of FFr3.4330 to the D-Mark but later rises to close at Ffr3.42 in tax increases must be restricted

16.30: Unconfirmed reports say EC officials are discussing technical methods by which they can Continued on Page 24 | preserve the ERM.

to reducing the tax allowances of With the massive defection of

Major stands firm on plans for fuel VAT

MR JOHN MAJOR yesterday ruled out a retreat from the government's plans to impose value added tax on domestic fuel in the wake of the Conservative party's humiliating defeat in the Christchurch hy-election.

Democrat margin.

High Court rejects Maastricht challenge... Handbagged by grey

ment will be sustained. In an attempt to forestall a

power... Food for thought on

a victory for the government in the High Court against a legal challenge to ratification of the Maastricht treaty offered a glimmer of good oews on an otherwise miserable day. Lord Rees-Mogg is considering whether to appeal but ministers are confident that the High Court judgreduce public borrowing. He told reporters: "We need to get the country down to low inflation. We've done that, We need to get the finances right. We're in the process of doing that. We need to make sure the country gets back into growth. That's now happening."

Mr Major then ruled out a U-turn stressing: "I am not going to be deflected from those difficult decisions. I am not going to reconsider the policy on VAT on

nothing to defuse opposition calls

for the tax to be scrapped or The hy-election defeat has

By Philip Stephens and Alison Smith

As Mr Paddy Ashdown's Lib-eral Democrats celebrated their biggest post-war victory over the Conservatives, senior ministers acknowledged the controversial tax had played a large part in the loss of the once-safe Dorset seat. A Tory majority of 23,105 in last year's general election was turned into a 16,427-vote Liberal

Mr Major's comments came as

threatened Tory hackhench revolt over tax policy, Mr Major insisted that he would not be deflected from tough measures to

The prime minister's stance did

VW head seeks talks with GM over espionage dispute

By Christopher Parkes In Frankfurt

THE HEAD of Volkswagen has asked for talks with his counterpart at General Motors in an attempt to defuse the increasingly hitter row between the two automotive groups over charges of industrial esplonage.

Mr Ferdinand Piech had contacted Mr Jack Smith, proposing a meeting to "discuss the matter between our concerns without influencing the legal conflict". VW claimed yesterday. He had also been in touch with

Mr Günter Rexrodt, the German economics minister, to discuss bls initiative, ministry officials said. Mr Piech's call to Bonn followed an offer from Mr Rexrodt to act as a mediator.

A ministry spokeswoman said Mr Rexrodt hoped the two sides would moderate their language, and allow legal procedures to take their natural course.

Mr Rexrodt warned both sides In a television broadcast on Thursday night to take care not to damage Germany's reputation, as too many jobs were at risk. General Motors officials yesterday could oot confirm that VW had made contact with Mr Smith, who is travelling during the group's two-week summer break. But they admitted they were

surprised by the initiative so soon after Mr Piech had been reported as saying that he would not let anyone "pee on our leg". VW spokesmen were also apparently unaware that Mr Piech had spoken to Mr Rexrodt. They were unable to confirm that the VW chairman would renew contacts with Mr Smith at the start of next week, as the group said in a press release yesterday. In an unexpected outbreak of diplomacy, Mr Piech appeared to

responding to mounting politi-

He told a press conference earlier this week that he saw little hope of a peaceful or early end to the row, which is focused on the US group's allegations that Mr José Ignacio López de Arriortúa. its former global purchasing director, and several associates, systematically plundered industrial secrets from GM and its defecting to VW in March.
Describing the conflict as a "war". Mr Piëch also insinuated

that GM, its German subsidiary Adam Opel or their agents could have conspired to pervert the course of justice by planting evidence implicating Mr López and

His suggestion of talks also fol-lowed confirmation from the US Justice Department in Washington that it had opened inquiries into the case on its own initiative because of interest within the department in industrial espionage in multinational companies.

cal pressure to break the spiral of charge and counter-charge.

CONTENTS Man in the News ... Gold Markets ... Equity Options London SE USE Dealings ...

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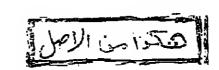
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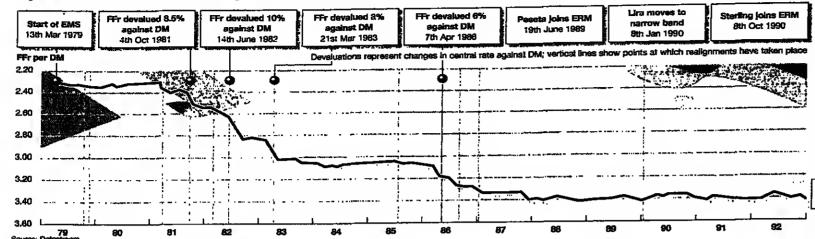
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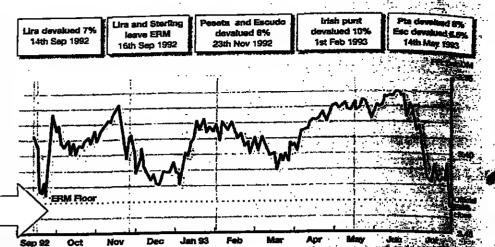
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The nightmare facing French policy makers

Pursuing rational economics means political humiliation, writes Ian Davidson

HE problem with the its interest rates. struggle over the future of the European European exchange rate mechanism is that the economics and the politics are out of kilter. From a purely economic point of view. France is ohviously neglecting lts real economic interests by clinging with such fierce determination to the virtually fixed exchange rate against the D-Mark. But from a political point of view, the ERM at its existing exchange rates has acquired all the aymbolism of the commitment to closer European integration encapsulated in the Treaty of Maas-

This may not be rational, but it is a fact. If France were not compelled to follow the perverse constraints of the Bundesbank's tight monetary policy, it would be free to respond to low inflation and rising unem-

But the medium-term political trade-offs would look much more duhious. First, the reputation of the franc as a hard currency would once again be on the line; and the abandonment of the franc fort policy would require a wrenching domestic political reappraisal, since it has been followed with rare unanimity by both left and right in France for ten

More generally, abandonment of existing exchange rate policy would mean that the credibility of the exchange rate mechanism itself would start to be in question. Most serious of all, the prospects for economic and monetary union already seriously battered hy successive waves of speculative attack, would be further

what came to be called the franc fort policy, he was effectively discarding most of his election commitments to old-fashloned socialism in France, Instead, he was putting a higher priority on three other values: France's ability to compete in international markets in the outside world. France's reputation as a fiscally responsible country, and France's commitments to the European

To begin with, the government's new objectives were quite modest: to put an end to soaring trade and hudget deficits, to bring down rising inflation, and stop the repeated devaluations. But as the new policy started to work. It hecame the centreplece of France's progressive conversion to market economics, both in the official establishment and among the electorate.

the starting point for all subsequent official thinking in France about the future development of the European Community. Without the franc fort conversion in 1983, it is unlikely that France could have accepted the 1985 programme for a Single European Market: and without the accumulated success of the franc fort policy, it is inconceivable that France could have gone along with, let alone proposed the plan for economic and monetary union eventually incorporated in the Maastricht

But the political corollary of the success of the fronc fort policy was even more profound, because it vastly increased the confidence of French politicians, including President François Mitterrand, in their attitudes to the relationship with Germany. Previ-In addition it also became ous French leaders, starting

with President Charles de Gaulle, had always known that France was economically much weaker than Germany; but they attempted to dominate Germany politically, by virtue of the wartime inheritance, France's possession of nuclear weapons and a seat on the Security Council, and Germany's division and diminished sovereignty.

But after the fronc fort policy hegan to produce consistent benefits in the late 1980s, with steadily falling inflation, the French started to think that they might even be able to compete with Germany on terms of economic equality as well. This new economic self-confidence goes a long way to explain the extraordinary partnership between President Mitterrand and Chancellor Hel-

First, It meant that both of them could believe that their

franc fort, is now turning into a nightmare for French policy from ever-more amhitious makers. In a logical world, i plans for the integration of a federal Europe. Moreover, might make sense to argue for when tha Germans were a temporary suspension of the ERM, until Germany has reunited and recovered their digested the costs of unificapolitical sovereignty, it meant tion; it might make sense to that President Mitterrand was re-think the timing and the criable to overcome his initial reflex of revulsion, and instead teria of the programme for ecopress for a further acceleration nomic and monetary union. The difficulty is that the of the Community's integrarecent perverse effects of the tion plans. And in the end, he franc fort policy, notably the claimed that monetary union

ber one monetary power. But the converse is that the franc exchange rate has hecome a virility symbol of French economic strength. If it were to be blown out of the ERM, that would be a major bumlliation on political grounds of self-respect.

in Europe would make the

Community the world's num-

The problem today is that this logical construction, huilt up from the foundations of the

Fears in Spain

Madrid **'needs** anchor

By Tom Burns in Madrid.

MR Pedro Solbes, Spain's economy and finance minister. yesterday called for weekend inter-governmental talks to stem further currency specula-

"We cannot start off on Monday in the same way that we finished uff on Friday." Mr Solbes said. He said the talks should be sponsored by France and Germany.

Mr Solbes was speaking after a cabinet meeting which had reviewed cuts in unemploy ment benefits to reduce Spain's expanding budget deficit. The discussions took place as Spain began facing up to possible withdrawal of the peseta from the ERM.

Domestic policy makers, business leaders and economists are uncertain about what life might be like outside the security of the RRM. There are fears that Spain, after four years of EMS memissing still requires the disciplina amosed

by the system.
Within the EMS we have an anchor that propels us towards convergence (with the system's stronger economies) and protects us from the financial indiscipline that would otherwise exist," said Mr Oscar Fan-jul, chairman of the state

energy group, Repsol. However, some economists argue that Spain has already cut loose from the disciplinary anchor. The public deficit is running at around at 6 per cent of GDP, double what it ought to be under convergence targets, and inflation has stuck at an unacceptably high 4 to 6 per.

Carlos Espinosa de los Monteros, chairman of the Circulo de Empresarios, a Madridbased business think tank. argued it did not make that much difference whether Spain remained in the ERM or not. "Everything would be fine if we had been disciplined but we haven't. We have the disadvantages of ERM contraints and

MEDIA

The economy desperately needs lower interest rates with GDP set to fall by perhaps 0.5 per cent in 1993 and first half statistics showing unemployment at 22.25 per cent. 🔫 😁

Spain has not got inf

Markets unleash fierce assault on French currency

When President François

Franc fort on brink of surrender

By John Ridding and Alice Rawsthorn in Paris

WHEN Mr Edouard Balladur. France's unflappable prime minister, emerged late on Thursday night from crisis talks with his economic and monetary officials to decide how to defend the franc, he said it had been "just a normal

But even by Mr Balladur's sanguine standards, the events of yesterday were ahnormal. The markets unleashed a fierce assault on the franc following Thursday's unexpected decision by Germany's Bundesbank to leave lts discount rate unchanged. The franc fell to its ERM floor rate of FFr3.4305 to the D-Mark despite concerted intervention by the French and German central banks.

Economists argued vesterday that the current franc/D-Mark parity was probably untenable and that the French government's franc fort policy was on

The government now faces a series of painful decisions. The first is whether to try to tough It out. The franc fort is the centrepiece of French economic policy, and the current franc/D-Mark rate is unlikely to he surrendered

Economists argue that this would involve continued heavy intervention by the Bank of France, if necessary with a rise in French official short term interest rates above their

current 10 per cent level. The French central bank has an estimated FFr123bn of net reserves to deploy and It would also expect to receive support from the Bundesbank, One diplomat said yesterday the French strategy might have been to let the franc fall to its ERM floor rate so as to force the German authorities to intervene on the franc's behalf.

A strategy of intervention and high French interest rates was used successfully to defend the currency in previous attacks in September last year and January this year. But the current situation is more complex. France is in recession. INSEE, the state statistics institute, forecasts a 0.7 per cent fall in gross domestic product this year. Meanwhile industry is

pleading for lower interest Observers argue that these constraints mean that currency within the ERM. is becoming increasingly difficult to avold. "If the franc has to devalue, then Mr Baliadur's first instinct will be to devalue

Where does the ERM go now?



■ Sweat it out: the Bundesbank and the Bank of France could defv the sceptics and decide to hold on to existing exchange rate parities, come what may. This would mean open-ended and costly Intervention by Europe's central members might be unwilling to countenance. Spain and Portugal for example, might decide to withdraw sooner rather than later.

within the ERM," says one Paris-based diplomat. This would allow the ERM to remain intact, but would require German assent to a

joining the UK and Italy in floating

revaluation of the D-Mark That solution was left open by a statement yesterday morning from the Bank of France. The central bank said that it excluded leaving the ERM or floating the franc. But it said nothing about a possible realignment of ERM

currencies. If devaluation cannot be avoided, then realignment within the ERM, rather than departure from the system. would probably he the least damaging outcome for the Balladur government. The French prime minister bas chosen his words carefully on the subject of the ERM and the

Realign: members could opt for a wholesale realignment of exchange-rate parities, but leave the ground rules unchanged. This would involve an upward revaluation of the strongest currencies, the D-Mark and the Dutch guilder and possibly the Irish punt. The French franc would be devalued against these strong currencies, but given a higher value against the other weaker

particular has resisted this. franc. "I am fully committed to the stability of the franc within the ERM," he sald in a newspaper interview earlier this month. "I exclude today or tomorrow any other policy."

ones. In the past, France in

Political analysts in Paris argue that such a policy could he consistent with a realignment. "He has never said as baldly as the former prime minister that he would quit hefore devaluing," said one diplomatic source. However, others claimed that Mr Balladur is seen hy the French electorate as heing so strongly committed to the current parity that any change would be interpreted as defeat. A devaluation of the franc would find a warmer welcome from many industrialists. The

franc's strength since

September has posed serious

Re-vamp: a "new and Improved ERM, Including not only a realignment, but additional safeguards to make the system more durable. These could include letting currencies fluctuate more against their central rate: a willingness to tolerate smaller more frequent realignments; measures to discourage currency speculation, such as a tax on foreign currency transactions or the re-introduction of limited capital controls.

problems for French companies hy making their exports less competitive in countries with weaker currencies, notably the UK, Spain and Italy.

The latest externel trade figures, published yesterday hy the Customs Office, illustrated the extent of the damage. The value of French exports feli to FFr91hn (£10.36bn) in April, a reduction of 19 per cent on the same month last year. The general economy has been sheltered from the full effects of lower exports by a sharper reduction in imports (the trade surplus rose to a record FFr7.65hn in April), hut industry has suffered

"We would gain a lot from a franc faible (a weak franc), because we export much more than we import," said Mr

III Call it a day: Germany, France and the other member countries could abandon the ERM, possibly by suspending their central banks' obligation to keep currencies within the grid. This would leave all currencies floating against each other and the dollar and yen. One possibility would be for the ERM members, minus Germany, to form a semi-fixed exchange rate system. The D-Mark could join later, when German inflationary pressures had subsided.

Philippe Messager, corporate finance director of Valeo, the motor components group which derives most of its sales from overseas markets. The strong franc has also diminished the profit contribution from the foreign subsidiaries of

French companies. For some companies. however, such as Rhone Poulenc, the chemicals group, the franc fort policy has encouraged industry to become more competitive. "We don't need a different exchange rate." Mr Jean-Pierre Tirouflet. finance director, commented recently.

But last night, as the fate of the French franc hung in the balance. France appeared to be in danger of a different exchange rate whether it needs

Jobless total sees further rise

aggravation of the recession

and the increase in unemploy-

ment, have seriously under-

mined French popular support for Maastricht, leading last

March to a catastrophic defeat

for the Socialist government. It

might be constructive to re-ne-

gotiate a more plausible pro-

gramme for Emu; but by now

there may no longer be enough

popular support in France for such an objective, to enable it

By John Ridding and Alice Rawsthorn

FRENCH unemployment rose by 44,600 in June to a record 3,185,000, the labour ministry announced yesterday. The increase takes the unemployment rate tn 11.6 per cent, compared with 11.5 per cent in May. The figures were largely in line with expectations.

The gloom over rising joblessness and the currency crisis was partly tempered hy news of a slight improvement in business confidence in the latest monthly study from INSEE, the state statistics institute.

Although sentiment remainsweak, according to INSEE, there are signs that confidence has reached its nadir. Industrial output has continued to fall, apart from in consumer

The only other positive sign was the publication of provisional figures by the Customs Office showing that France's external wade surplus rose to a record FFr7.65bn in April. from the previous record of FFr7.44bn in March.

However, the chief cause of this healthy surplus was the cuntinuing fall in imports, reflecting weak domestic demand. The value of imports fell to FFr83bn in April, a reduction of 3.2 per cent on March and of 19 per cent on April 1992.

Exports also continued to fall, albeit at a slower pace than in previous months.

not the advantages of fiscal probity."

· But Mr Gwynn Hatch, a. senior economist at James Capel in London, argued that the Bank of Spain could only reduce rates cautiously.
"The difference between

Spain and the UK last autumn and with France now is that

A view from France

The case for maintaining the D-Mark/franc parity



At a time when the French currency is experiencing a new wave of weakness

political fundamentals. These fundamentals greatly support the maintenance of the current parity with the

and the commitment to the European exchange rate mechauism PERSON.IL under question. it is useful to go back to VIEW both economic and

First, the French commitment to low inflation results from more than just the unavoidable consequence of a commitment to European construction, and removing the link with the D-Mark would be widely interpreted as a renunciation of this low inflation policy. Indeed, the French economy experienced, in the late seventies and early eightles, the absence of a trade-off between inflation and unemployment and the need for low inflation as a _recondition to sustainable growth and

ioh creation. Breaking the link with the bestmanaged currency over the last 40 years would partly mean giving up once again the fight against inflation, and would rapidly have economic costs, but also political costs. If inflation is not a cause for street demonstrations, the French are now used to price stability, and the prospect of an end to this stability in the context of a currency devaluation and worst compensation for savings would undoubtedly hit a large share of the population. Whatever the gravity of the unemployment problem, few of those people would be convinced that the losses they would endure were necessary to improve the job picture, and they would he right in thinking that

way.

Of course, French unemployment remains high and will continue to grow, hitting more than 12 per cent of the workforce at the end of this year. But core unemployment is mainly due to labour market rigidities, and monetary easing would be of little help in reducing it. What is needed are structural measures which can be implemented and acted on slowly. The government began tackling the problem by reducing employers' social contributions on less skilled johs and limiting the rise in the minimum wage to the minimum increase. The government's relative prudence so far in this respect, due to political

constraints, may well he regretted. Second, France is not in a had competitive position, as the records of its external balance tend to show, although it is, to some extent, helped hy the contraction in internal nand. Since the last realignment in the ERM in January 1987, the competitive position vis-à-vis Germany has improved, especially if unitary wage costs are considered. Global competitiveness was naturally hit by the devaluations of the pound, the lira and the peseta which together amount to roughly 20 to 25 per cent of France's competitors), hut part of these moves were just a correction of overvaluations of these currencies over the last five years. Moreover, the impact of such devaluations is more or less offset by

the rise of the dollar and the Even if a depreciation of the franc

would stimulate exports and contain imports, it is not the key to the present problems facing the French economy, which are a lack of confidence and excessive precautionary savings. France's success in curbing inflation over the last ten years has potentially led the EMS to ("two-

ancbor") equilibrium, as the D-Mark keeps the benefit of the long-term credibility of price stshility the Bundesbank has huilt, even if Germany's latest performance is worse than that of France. The "twoanchor" situation means that in the long run depreciations of one currency against the other are both equally likely and unlikely. As a reault, interest rate premiums should disappear as the expected returns in assets of both countries should not be affected by foreseeable

However, such a situation may

well prove an unstable equilibrium in the short term, in the absence of interest rate spreads. This disequilibrium will periodically put into question both the franc and D-Mark currencies on an alternate basis, and will be sustained by news of relatively little actual significance. In addition, this lack of stability is encouraged by the ease and inexpensive cost of switching from one cur-

rency to the other. Should progress be made on the future merger of currencies, we would be more comfortable to predict a lasting stability. A renewed prospect for monetary union, and a more concrete indication of the path to it, would help stabilise an otherwise weak equilibrium. This would require political progress. But even in its absence, the case for ending the ERM link is supported neither hy economic nor political reasons.

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■ Gold price pushed up

■ Whitehall claims vindication

Frankfurt dives for cover from the flak

By Andrew Flaher in Frankfurt

THE BUNDESBANK took up an increasingly embattled posi-tion yesterday, as its smaller than expected interest rate cut and an ambiguous comment by one of its directors led to confusion and criticism among economists and currency deal-

Mr Johann Wilhelm Gaddum, a Bundeshank director. said the German central bank would not act to stop money market rates from falling halnw the diacount rate unchanged at 6.75 per cent on Thursday - if intervention in the European Monetary System led to a flood of liquidity. He said the bank would not offer Treasury Bills to soak up liquidity created by currency

Thus call market rates could fall below the discount rate and the securities repurchase (repo) rate, now at 6.95 per

cent. Mr Gaddum's commants, which appeared to go against the Bundesbank's refusal to caused cansiderable uncertainty in the markets.

"It seams a rather crazy statement." sald Mr Gwyn Hacche, a senior economist at James Capel, the UK investment bouse.

This week the Frankfurtbased Bundeshank cut the Lombard rate by half a percentage point to 7.75 per cent, disappointing those who had hoped for a discount rate cut to ease strains on the EMS.

Further indicating the continuing pressures on the Bundesbank, Mr Otmar Issing. another director, declined to appear on a lunchtime financial television programme yesterday, having previously confirmed his attendance.

While economists generally felt that the European exchanga rate mechanism could not hold nut in its present form much longer, they were unsure whether anything would happen this weekend.

Mr Hans-Helmut Kotz, economist at Deutsche Girozentrale, called this week's Lombard rate cut "a purely symbolic

He felt fairly certain that something would occur this weekend, in view of the burden placed on the French economy by the franc's current parity and the high interest rate levels needed to support this.

"The Bundesbank could be atarting its holiday with a working weekend," he added. Mr Adolf Rosenstock, economist in Frankfurt for Indus-trial Bank of Japan, said: "We are probably already experiencing the agony or even the final hours of the EMS's fixed rate

In Bonn, govarnment offi-cials refused to comment publicly about what impact the Bundesbank's actions would have on the future of the ERM.

But privately officials said they ware increasingly concerned about relations between Bonn and Paris in the light of the Bundesbank's decision to give priority to the domestic



Gaddum: his comments caused uncertainty in the markets

Gold price bursts **\$400 level**

GOLD'S PRICE burst through the psychologically important \$400 a troy ounce level yester-day for the first time since the Gulf war 81 months ago, writes Kenneth Gooding, mining correspondent.

New York investment funds used the turmoil in European currency markets as a launching point for another attack on a target thay bave been attempting to reach since the April campaign by high-profile financiers Sir James Goldsmith and Mr George Soros re-ignited interest in the gold

Gold jumped hy \$9.40 an ounce in London from Thursday's closing price to reach \$404.50 early yesterday after nvernight buying by the US funds drove it up in the Far East. More New York buying emerged late in the day to take gold to \$405.75 an ounce, up \$11.65, by the close of trad-ing in London.

Traders report that physical demand for the metal has vir-tually dried up because of the speed of the gold price rise from a seven-year low point of \$327 an ounce in January.

Fund managers rush to limit their exposure

By James Blitz, Economics Staff

POLITICIANS in Europe have frequently blamed speculators for the crises in the exchange rate mechanism. But the frantic selling of the franc yesterday appeared to be by pension funds and companies with international investments, who do not normally take specula-tive positions in currency mar-

Throughout the last few days, fund managers have been particularly concerned that a devaluation of the French franc could undermine the value of French bonds and equities they hold. They have therefore hedged the exposure of these instruments by selling the French franc now, fearing that its exchange rate will soon depreciate.

Pension fund managers intervene in the currency markets comparatively rarely. But the sums that they have under management are vast, and

held by central banks. The other group of players who were selling the French franc yesterday were the New York based hedge funds - of which the Soros Fund, run by the entrepreneur, Mr George Soros, is the best known.

These funds are highly speculative players, but for most of this week they have taken a very low profile. Last weekend, Mr Soros told a French newspaper that he was not specula-ting against the franc because of his support for European monetary union

Yesterday, ha changed his stance, in a statement saying that it was "futile to protect the European Monetary Sys-tem by abstaining from trading

in currencies." That statement may have brought a new wave of panic to the market. But, by the end of European trading yesterday, the hedge funds still appeared to be playing little part in this

Grim satisfaction in London

UK harks back to warning of 'fault lines'

By Philip Stephens, Political Editor

THE BRITISH government last night found it hard to disguise a mood of grim satisfaction, as its European partners struggled to preserve the European

exchange rate mechanism. Humiliated by sterling's departure last autumn from the currency grid. Whitehall officials and their political masters could at last claim vindication. The system, as Mr John Major declared at the time, bad indeed developed serious fault lines. The prime minister had been right also to declare European Monetary union a distant dream, not a

short term reality. But the inevitable self-justification disguised a less sanguine assessment of the prospects for the European - and British - economies if the present era of managed exchange rates were to end in the ERM's

The Whitehall judgment was thet decoupling of the French franc and other ERM currencies from the D-Mark could support Britain's fledgling economic recovery. Lower interest rates and stronger growth in the rest of the Community would provide expanding markets far the exports on which the UK upturn depends.

Senior Conservative Eurosceptics were quick also to point out the potential political gains for the UK government. A dramatic failure of Franco-German monetary co-operation the core alliance which has so

often consigned Britain to the European sidelines. Mr Major's bopes of a more symmetrical relationship between London, Bonn and Paris would be greatly strengthened. So, too, would Mr Major's voice in decisions over the next few years

on the Community's future, But the more cautious Brit-ish ministers - Mr Douglas Hurd, the foreign secretary. and Mr Kenneth Clarke, the chancellor, among them - see

countervailing disadvantages. Mr Clarke, long an advocate of managed, stable exchange ratas, sees no advantage in competitive devaluations across the EC. The benefits of lower interest rates might be offset in the short term by the damaging blow delivered to business confidence by a col-

lapse of the exchange rate grid. Even though sterling's exit from the ERM led to sharply lower borrowing costs, the immediate effect was to dam-

age the recovery prospects. The advantages Britain secured following sterling's devaluation last autumn have already been eroded by the recent rise in the pound's value. Exporters are warning that weakening exports

threaten the pace of growth. Nor does the government see any medium-term gain for industry from a return to the era of free floating. The single market was designed to create a level, stable playing field for European business. Britain would lose as much as anyone if that were undermined by unpredictable gyratinns in exchange rates

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Competitive gains threatened

Opening the way to base rate cuts

By Emma Tucker and ter Jahn in London

WITH THE Enropean exchange rate mechanism nn the brink of collapse, analysts were yesterday relishing the implications for the UK econ-

The release of continantal European currencies from the mechanism would allow gov-ernments to cut Interest rates and stimulate economic growth. This would belp UK manufacturers struggling to sell exports in exceptionally sluggish European economies. The danger for the UK is

that the competitive gains of davaluation that have boosted UK exports since September would be threatened by deval-ned European currencies. UK exporters would have to work harder to maintain market

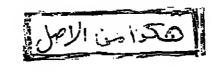
But, while a chilapse of the ERM could threaten the UK's competitive gains, it would also npen the way for further UK base rate cuts as former ERM members gave up the battle tn huld their currencies at certain values

and eased monetary policy, The UK government bond market reflected that belief with prices rising sharply and pnsbing lnng.term yields, which mirror the market's per-ception of future inflation. down to 7.825 per cent, their lowest level for well over 20 years. The 10-year gilt futures contract for September shot

forward almost a full percent-age point and closed 3 higher at 109.23 after some investors took profits.

The Bank of England took advantage of the continued enthusiasm for gilts hy annnuncing a £1.3hn issue nf stock. Although gilts thrive nn pnlitical stability hnyers ignored the potentially disrup-tive effect of a hoge Tory hy-election defeat in Christ-

church, sonthern England. Economists cantinued that most of the buying was fuelled hy fireign investors attracted hy the UK's status as a currency safe haven. They said the ERM crumbled the UK's cumpetitive advantage might cut rates independently.



Israeli onslaught ignores Hizbollah truce offer

ISRAEL yesterday ignored a truce offer from pro-Iranian Hizhollah guerrillas and vowed to continue its devastating aerial and artillery bom-

The decision not to let up in its offensive came amid continuing US efforts behind the scenes to arrange a ceasefire after six days of bombing

Israel's cabinet, which held a spe-cial meeting in Tel Aviv, said it would continue the onslaught which has driven more than a quarter of a million Shia Moslem villagers from their homes until the Hizhollah stopped their rocket attacks on Israel. At least 126 people have been killed since Sunday and more than

Before the cabinet meeting, Sheikh Hassan Nasrallah, secretary-general of the Islamic fundamentalist Hizbollah (Party of God) said they would guarantees first that Hizhollah stop their attacks after Israel carried attacks will also be halted, all eyes

out a "comptete and permanent halt of aggression against villages and civilians."

Beirut interpreted the move as from Hizbollah, which is the target of increasing criticism from many among the 300,000 refugees from the south for having triggered their

With Israel apparently implacable in its insistence that it will not stop the hombardment without hard guarantees first that Hizhollah

in Beirut yesterday were fixed firmly on Damascus, where Syria, Iran and Lebanon held a second day of talks. The Lehanese government has said it is politically incapable of tak-

ing action against Hizbollah. although it is widely felt by diplomats and Lebanese pollticians that the Lebanese army could control the fighters if Syria gave its political

approval.
The anxiousness of Mr Rafik al-Hariri, the Lebanese prime minister, to find some such formula is clearly signalled by the fact that he has now

Damascus, where his talks with Mr Farouk Sharaa, the Syrian foreign minister, were unexpectedly joined on Thursday by Mr Ali Akbar Velayati, Iran's foreign minister - bring-ing together in Damascus both of Hizbollah's main sponsors.

Nothing had emerged from these talks hy late last night but Lebanese politicians expected an announce-ment that Mr Warren Christopher. the US secretary of state, would postpone his visit to the region by at increase further the pressure of Syria to agree to rein in Hizbollah. Meanwhile, in a special briefing for US reporters Mr Shimon Peres, Israal's foreign minister, said the government had ruled out both a ground offensive and an expansion

of the area of southern Lebanon it controls - an enclave Israel calls a "security zone". His remarks followed a large deployment of tanks and motorised

infantry into the huffer zone on Thursday evening.

A hlow for compromise, Page 9

of southern Lebanon by Israeli warhis greatest challenge

Israel's PM is being dragged into Lebanese mire, says Julian Ozanne

Israel's prime minis-LVI ter, is facing his greatest challenge since taking office a year ago: how to draw fsrael's bombardment of southern Lebanon to a close in a way that maximises his domestic standing, wins back international support and advances his government's peace agenda while continuing guarantee what he sees as the country's security.

Having gone in to Lebanon expecting quicker results. Mr Rabin now faces the prospect of being sucked into the Lebanesa quagmire, as Israel was when it invaded in 1982, and is scrambling around for ways to get out with tangible benefits.

The relentless bombardment of Lebanese civilians has alien-



ated international opinion, including the US, threatened the Middle East peace process and revealed political strains in his coalition government.

Yet it has also exposed one of the foundations of Mr Rabin's premiership: his belief that only by acting tough can be force Arab states into concessions in the peace process and maintain a broad popular base for the best peace deal.

"Rabin is committed to peace but don't forget he was elected on a narrow margin because people saw him as a strongman who made no concessions on the security of Israel," said Mr Yoel Marcus, an Israeli political commentator. "He can say to the public: trust me in peace talks because the first thing on my mind will be a deal which does not harm Israel's existence and its security."

Supporters of Mr Rabin's labour-led coalition - the left-wing Meretz party and the five Arab MPs - continue to criticise the fsrseli operation as "immoral," largely for its tragic impact on the lives of half a million Shia villagers in southern Lebanon.

At least half the cabinet, including four Labour ministers, have vniced their opposition to the operation. But the ability of the cahinet and parliamentary critics to influence Mr Rahin remains severely circumscribed by the initial popularity of the action and hy the fact that any serious threat to the coalition could pave the way to a return to power hy the right-wing Likud party. An opinion poll in the Yediot Ahronoth newspaper yesterday dle East peace process.

showed 93 per cent of Israelis supported the action when

interviewed on Wednesday. For the moment, Mr Rabin has successfully boosted his image as a tough and unrepentant warrior for Israel - undermining the claims of Likud as the party of "security."

However, there are pobtical limitations and diplomatic dangers with this policy. Any commitment of ground troops in Lebanon could place unbearable strains on the coalition and quickly turn the public, which remains haunted by the disastrous 1982 war with Lebanon, against the government, Political analysts say Mr

Rabin is still haunted by the memories of the 1967 Middle East war when he was Chief of Staff and continues to see peace with Syria as the main ambition of his premiership. He views the pro-Iranian Hizbollah guerrillas, the ostensible target of the offensive, and the Lebanese government itself, as proxies of Syrian interests in the region.

Analysts say at least part of Mr Rabin's strategy is to show Syria and other Arab states that Israel under Labour has not gone soft and will negotiate from a position of strength. Mr Rabin also aims to exert maximum pressure on Syria to make concessions on a comprehensive regional peace deal.

The deal would involve the

phased return of most or all of the Israeli-occupied Golan full peace, including trade and diplomatic relations and guaranteed security on both the Israeli-Syrian and the Israeli-Lebanese borders. Israel would also agree a phased withdrawal from southern Lebanon.

Senior government officials believe the present crisis could be turned into an opportunity with the involvement of the US. But this would assume Damascus, Beirut and Washington would accept a delinking of the Palestinian and Jordanian talks from those with Syria and Lebanon - a move

many believe is unlikely. Critics, however, say Mr Rabin's military strategy, which remains unsuccessful so long as Hizbollah continues to hit Israel with rockets, depends far too much on a response from the other side. After President Bill Clinton's praise for "Syrian restraint" during the conflict they say Israel will have to pay a price to Syria at the negotiating table for allowing Damascus to emerge as the key to a regional solution. Furthermore, they helieve that without a durable peace deal, the operation could swell the ranks of Hizbollah, destabilise

Lebanon, and create a worsening security threat to Israel. Mr Rabin's offensive against Lebanon was always risky. Unless a there is a hreak-through soon, it is difficult to see how the prime minister will be able to extricate himself from the crisis unscathed both at home and ahroad. The longer the conflict continues, the greater the risks to Mr Rabin's international and domestic standing and to the entire Mid-

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Rabin faces Italy gropes through bribes maze

HE mother of all bribes paid out in Italy's corruption scandals is now Breaking the wall of silence

surrounding this payment to political parties, individual pollticians, businessmen and middlemen has been a central objective of Milan magistrates since the beginning of the

The payments relate to the "Enimont affair" - the abortive attempt in 1989-90 to reorganise the chemicals industry by merging public sector interests of Eni, the state oil concern. with private sector assets of Montedison, the Ferruzzi group's chemicals arm, in a joint venture, Enimont. Milan magistrates were con-

vinced the murky background to the Enimont affair would expose the extent to which the government, controlled by Christian Democrats and Socialists, subverted Italy's business life to their own illicit ends. If the allegations, leaked by magistrates over the past 24 hours, are proved correct, discrediting of the political establishment will be complete.

The magistrates appear satisfied they have got what they want. Two key witnesses in the Enimont affair - Mr Gluseppe Garafano, former Montedison chief executive, and Mr Carlo Sama, bis successor, who is married to a daughter of the founder of the Ferruzzi empire - have been secretly released from jail. This emerged yesterday, though they were released to bouse arrest on Thursday.

Milan magistrates bave adopted a policy of keeping people in jail on corruption charges until they confess. Mr Garofano was arrested in Switzerland on July 13 and extradited with unprecedented speed two days later. Mr Sama was arrested on Friday last week, the day when Mr Raul



CAUGHT IN WEB OF ALLEGATIONS: Former Stalian prime minister Giulio Andreotti (left), who denies any wrongdoing, votes to lift his parliamentary immunity, allowing magistrates to investigate his alleged role in the death of a journalist

Gardini, his brother-in-law and former head of Montedison, committed suicide - the fourth in the Enimont affair.

Mr Gardini is alleged to have arranged a first bribe of L15bn. paid to the Christian Democrats and Socialists in 1989 to ensure Montedison got tax breaks when it merged its chemical interests with those of Eni to form Enimont. The big bribe came when Mr

Gardini broke bls pact with Eni over joint control of Eni-mont. Unknown to Eni, then run by Mr Giuseppe Cagliari, who also committed suicide last week, Mr Gardini acquired 11 per cent of the outstanding 20 per cent of Enimont through three associates. Eni found out and persuaded a Milan court to freeze Enimont's sbares. These were then placed in the custody of Mr Vincenzo Palladino. currently deputy chairman of

dini offered to sell Montedison's 40 per cent stake to Eni. For this Eni paid L2,805bn now believed to be at least L600bn above the real value. Eni paid a further L1,360bn for minority sbarebolders, including Mr Gardini's associates. In return there was a political pay-off of L100bn plus \$20m.

This amount is believed to relate to 5 per cent of Montedison's real profits on the Enimont stake sale to Eni. Montedison was able to pay over tha funds through off-balancesheet operations, phoney prop-erty deals and transactions between foreign subsidiaries.

Milan magistrates are understood to have warned eight senior politicians they ara under investigation for being involved in this alleged payment. Mr Arnaldo Forlani. Christian Democrat leader at the time, has already got such

alleged to have received L35bn. Mr Bettino Craxi, then leader of the Socialist party which regarded the oil and chemicals industry as its flefdom, is alleged to have got a staggering L75bn. He, too, denies involvement, but yesterday admitted the party bad received political contributions from both Montedison and the

Ferruzzi group as a whole. The rest of the funds were allegedly handed to Mr Paolo Cirino Pomicino, a senior Christian Democrat minister and close ally of the then pre-mier, Mr Giulio Andreotti; and Mr Claudio Martelli, the Socialist deputy prime minister.

To smooth the deal, it is alleged Mr Pallidino, who was supervising the frozen Enimont shares, was bribed L2.5bn. He was arrested on Thursday, but his laywer yesterday dealed this sum was a

To extricate himself, Mr Gar- a warning, in which he is bribe and said it was a professional fee from Montedison. It is further alleged share dealings during the Enimont affair were smoothed by the help of Mr Bruno Pazzi, head of Consob, the Milan stock exchange watchdog body. Mr Pazzi, an appointee of Mr Andreotti, was arrested in connection with Enimont on Wednesday.

Even after Montedison pulled out of Enimont, Ferruzzi-Montedison went on paying the politicians - allegedly handing out up to L7bn for the April 1992 elections to the five parties that formed the govern ment coalition during the Enimont affair.

The Republican Party yester day admitted to receiving L300m to this effect. Eni is still in arbitration

with Montedison over what it claims to be over-valued chemical plant brought by the latter into the Enimont joint venture.

budget to face final vote

a prelative

ha poli

By George Graham in Washington

PRESIDENT Bill Clinton's budget will face a final vote in Congress next week after negotiators from the House of Representatives and the Senate yesterday wrapped np a compromise bill.

Negotiators settled on an increase of 4.3 cents per American gallon in the federal petrol tax, slashing the revenue Mr Clinton had planned to raise from a broader energy tax and in the process disappointing both left wingers who wanted more money for social programmes and fiscal hawks who wanted a mora serious effort at curhing the budget

Passage of the budget next week is by no means assured. The House passed its original version in May hy only six votes, while in the Senate Vice-President Al Gore's casting vote broke a 49-49 tie last

"It'll be tight as a tick in the Senate, but I think in the last analysis we'll push the ball over the goal line in both bodies," Mr Roger Altman, the deputy Treasury secretary. said yesterday.

Even if the budget does pass. it will bear only a passing resemblance to the economic programme originally outlined by Mr Clinton when he took

The centrepiece of that programme was a new energy tax levied at 25.7 cents per million British thermal units on most fuels, with an additional 34.2 cents per million BTUs on oil, to raise \$71.4bn over five

House negotiators this week went along with the Senate's decision to drop this broad energy tax in favour of simply increasing the petrol tax, and on Thursday night they even gave up their efforts to cajole the Senate into accepting an increase greater than the 4.3 cents per gallon it passed in

The result is only \$22bn of revenue nver five years, making it much harder to pay for the urban and low income spending programmes that some House members have made the price of their sup-

Congress has also resuscitated many of its favourite pork barrel spending programmes, such as honey subsidies and rural electrification loans, as well as preserving tax loopholes such as the tax deductibility of business meals, while slashing Mr Clinton's proposals to shift spending into new areas be classi-fied as "investments".

In the end, Congress's unwillingness either to raise energy taxes or to cut spending has even forced the Clinton administration to give way on its overriding goal of trim-ming the federal budget deficit by \$500bn nver five years from its current projected path.

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The compromise budget bill seemed sure to fall short of the \$500bn target, although Democratic leaders were still scrambling to ensure it beat the \$482bn cut claimed by the 1990 budget agreement.

Japan's LDP picks reformer as leader

By Robert Thomson in Tokyo

JAPAN'S Liberal Democratic party yesterday chose a relatively young, self-proclaimed reformer, Mr Yohel Kono, as lts president in an attempt to prove to the public that the scandal-stained party is starting afresh.

In the past, the LDP president has automatically become the prime minister, but tha fate of Mr Kono, 56, will be determined at a parliamentary session scheduled for next Thursday, for which a coalition of seven opposition parties has secured enough votes to defeat the LDP.

Unless the coalition crumhles in the next few days. Mr Kono, the chief cabinet secretary, will find himself the leader of the largest opposition

party in the Japanese parliament, though be expressed pride yesterday that be was chosen "in these diffficult

Mr Kono defeated Mr Michio Watanabe, 70, the former foreign minister, in an intra-party election by 208 votes to 159. The appointment of the ailing Mr Watanabe would have been a sign that the LDP had learned little from the events of the past few weeks, high-lighted by the loss of its parliamentary majority in a general

The party presidency was vacant after the resignation of Mr Klichi Miyazawa, 73, wbo will remain prime minister until the parliamentary vote. There are two candidates for the prime ministership. Mr

kawa, the Japan New party has good reason to support the leader and the coalition's chosen representative.

A stable coalition can expect at least 245 votes in the parliamentary poll, while the LDP is certain of only 225 votes and is relying on a rupture in the coalition to avoid a term in opposition for the first time

The LDP and Mr Kono are boping that factional strife in the Social Democratic party, the largest opposition party, may prompt some left-wing members to abstain in protest at the party's joining of hands with conservative groups.

Ms Takako Doi, the former SDP leader, said yesterday the party was losing its identity by linking with parties formed by ex-LDP members, but did not

senior post in the cabinet or be chosen as lower house speaker if the seven parties form the next governemnt.

A member of Mr Miyazawa's faction. Mr Kono's claims as a reformer are based on his own defection from the LDP in the mid-1970s at the time of the Lockheed bribery scandal. He became a member of the New Liberal Club, which was reunited with the LDP in 1986, although the party had done little to end the "money poli-tics" behind most Japanese scandals.

"It is my responsibility to restore public confidence in the LDP and politics." Mr Kono said. "If you look at the coalition and their selection of a



Kono: defeated Watanabe

the choice of Mr Hosokawa was very unclear. Why didn't

Job openings and overtime drop sharply

JOB openings fell sharply in Japan last month, while overtime in the manufacturing industry contracted hy a yearon-year 15.7 per cent, suggesting a con-tinued economic slowing in spite of official suggestions that the downturn has ended, writes Robert Thomson.

The labour ministry said the ratio of job offers to applicants fell from 0.81 in May to 0.74, although the official jobless figure, slow to reflect changes in the labour market, was unchanged from a month earlier at 2.5 per cent.

The ine Hotels

New joh offers fell in all sectors, apart from construction, which has received most of the benefits of two government spending packages over the past year. Offers in the manufacturing sector fell 26.3 per cent from a year earlier and in the service sector hy 15.4 per cent. Meanwhile, the 15.7 per cent fall in

manufacturing industry overtime fol-

lowed a 14 per ceot decrease in May.

For all industries, average overtime

contracted 10.8 per cent in June.

Nationarde Building Society

Acons Bink Binning Prosbots & Dr. Limited

indication of the decline in economic activity, and a sign that tha sevenparty coalition expected to form a gov-ernment next week will face immediate challenges in economic policy. Consumer prices in Tokyo this month rose 0.4 per cent from June and

were 1.7 per cent higher than a year earlier, dne to an increase in vegetable prices blamed on an unsusually long rainy season, the management and coordination agency said yesterday.

0.5 per cent increase in housing expenses, reflecting tha higher rents in desirable residential areas. Clothing and footwear prices fell 2.5 per cent, cheaper products imported from China. Construction orders received by lead-

ing contractors fell 17.1 per cent in June, compared with a year earlier, with private sector orders down 24.7 per cent and those from manufacturers down 50 per cent.

Nationwide HOTELRAFAEL THE United Nations last night ordered an immediate inquiry £300,000,000 Our impressive renovation is complete Floating Rate Notes into charges by a London-based rights group that UN troops in Somalia killed and Due 1996 officers. (Second Series) we can't wait to show you the results tortured civilians and little Notice is hereby given was done to discipline the interest at 6.1425% per offenders, writes Michael annum from 30th July. 1993 to 31st August, 1993. Interest payable on 31st August, 1993 will amount Littlejohns in New York. Mr Boutros Boutros Ghali, UN secretary general, said the It's time to switch to "the Rafael"! to £26.93 per £5,000 note to £269.26 per £50,000

UN probes torture claim

allegations hy Africa Rights, part of a prestigious group thet includes Heisinki Watch, were being taken "very seriously." The report was transmitted to Admiral Jonathan Howe, his representative in Mogadishu. was already discussing the question with General Cevik Bir. the UN force commander, and other military

charges of UN excesses from other quarters, and a public row with General Bruno Loi, commander of the Italian contingent, led to a demand hy New York that he he sent home. ftaly, Germany and Ireland responded by calling for a thorough re-examination of the UN role in Somalia but this has yet to be done. Africa Rights asserted that UN actions had earned the

hatred of the very people the

that Admiral Howe, an American, was considered by them to be "another warlord There have been persistent

The report alleged that Paki-stani troops machine-gunned demonstrators in Mogadishu last month and that an 850. strong Belgian contingent in Rismayu was especially hrutal, dragging a Somali through the streets behind a military vehicle and hitching the body of another to a tank.

In another incident, the Belgians were said to have driven off field workers with machine gun fire and then to have sto-len an antire crop of melons.

Turkey's bank chief resigns

TURKEY'S respected Central Bank Governor Rüşdü Saracoglu announced his resignation yesterday after a long policy dispute with Mrs Tansu Ciller, the new prime minister, John Murray Brown writes from Istanbul. The departure of Mr Sara-

coglu, a pivotal figure in the country's economic progress of the 1980s, will inevitably ratse new dnubts about Turkey's commitment to a policy of sta-

Mrs Ciller has criticised the governor for bis support of high interest rates to protect the currency at a time when exports are falling and the trade gap widening. However, Mrs Ciller's failure

to curb the fiscal deficit had forced her to turn increasingly to the Central Bank, much to the governor's chagrin, for

fuelling monetary expansion: in 1992, the Bank abandoned its monatary targeting and adopting a more limited strategy to dampen exchange rate volatility, vital if Turkey is to bring inflation down from

around 60 per cent.

Turkish bankers yesterday played down the impact on the markets, although the timing, coming just before the week-end, suggests the government

Barclays to amend client data policy

BARCLAYS yesterday promised to amend its customer application forms after banks were told that they must in future allow customers to choose whether their personal account details can be used by by subsidiaries to market prod-

Barclays, Britain's higgest bank, has required customers applying for new accounts, credit cards or loans to sign forms saying that they consent to account information being given to other companies in

the Barclays group.

The review committee considering amendments to the voluntary coda of banking practice said that it would alter the code from next March to ensure that this kind of approach to consent to tha internal use of data for market-

ing products was barred. The committee warned in its annual report that if customers are asked to agrae to their names and addresses being passed to other companies within a banking group thay should be "given a clear option to say no if they wish".

e committee also criticised banks for their "undesirable covness" over informing customers about their internal complaints procedures, and for using "gobbledegook" in con-tracts setting out conditions of

The ruling comes after con-

which banks have interpreted the code's requirement that customers abould give "express consent" before their account datails can be used for purposes such as life insuranca

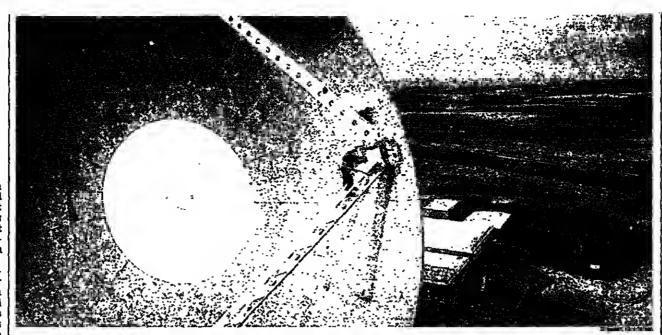
general of fair trading, and Mr Eric Howe, the data-protection registrar, have both expressed concern over apparent efforts by hanks including Barclays and National Westminster to circumvent this.

Sir Bryan recently accused some hanks of breaking the "spirit and perhaps even the letter" of their code. NatWest has ensured its life insuranca sellers access to the bank's current account data by making them bank employees.

Mr Howa said in his annual report this month that the coda's benefit was "clearly negated" if banks refused to vices unless they signed forms giving consent for data disclosure within the group.

The committee said that "tacit acquiescence" as a result of customer inertia or "their understandable failure to read through the fine print to the end will not be regarded as an ecceptable form of consent" when the code is amended.

The committee, chaired by Sir George Blunden, is reviewing the code after receiving over 20 submissions from organisations including consumer groups.



Strong signal: British Tejecommunications reported a 14.7 per cent increase in international telephona call turnover in its first-quarter figures published this week. Much of the traffic goes through the 31-year-old Goonhilly earth station in Coruwali

High crime risk for small business

SMALL BUSINESSES run a far 12 months, and 48 per cent of greater risk of becoming a target for crime than individuals or homes a Home Offica study of crime prevention schames has shown, Charles Batchelor writes.

The study found that 40 per cent of burglary victims suffered a second burglary within

"re-hurgled" businesses suffered a third hurgiary. There was widespread con-cern among owners of small

businesses - up to two thirds were "worrled or very worrled" about becoming victims of

The study, which looked at

small businesses in Hartlepool. Lewisham in south-east London, Nottingham, Salford, Sunderland and Wirral, recommends a seven-point plan for crime prevention. This includes closer co-operation between businesses in High

Street Watch schemes, more

help from large companies and

bettar collection of data to identify patterns of crime against small husiness

against small dustness.
The Prevention of Crime
Against Small Businesses: The
Safar Cities Experience. Home
Office Crime Prevention Unit Series Paper 45. Crime Prevention Unit, 50 Queen Anne's mer's day for sensitiva skin to Gate, London SWIH 9AT. Free. burn in the UK, the board said.

Group aims to cut level of skin cancer

By Daniel Green

BRITAIN has had its worst late-July weather for more than a decade, according to official figures.

they will be welcomed by the National Radiological Protection Board, an independent hody, which yasterday launched a campaign to discourage sunbathing.

The board is to publish weekly reports on solar ultra-violet radiation, the part of the sun's rays that cause tanning and burning

From next year the service vill give daily forecasts so that the sum-sensitive can take eva-sive action. The board recommends wearing sunglasses, a broad-brimmed hat and "cloth-ing with a tight weave".

Swimmers should use a sun block with a high sun protection factor. A protection factor of 15 allows the wearer to stay in tha sun 15 times longer without hurning than without

any protection. Without protection, it takes just 23 minutes on a clear sum-

In the Caribbean it takes little more than half that. Sunburn increases the risk of skin cancer, and Britons' carele could be behind a rising inci-dence of the disease. Women are more at risk because they sunbathe more than men, said the imperial Cancer Research Fund. Pale skin and slow tanning show a greater sensitiv-lty, but more important is a

family history of skin cancer The government's Health of the Nation white paper last year said the increasing trend of skin cancers should be halted by 2005. The Department of Health has backed the board's initiative.

Government figures show incidences of skin cancer in England increased by a quarter between 1980 and 1987, the most recent year for which statistics are available.

Sufferers of the most common skin cancer need an operation to remove the diseas area. Half of those who develop the more rare malignant melanoma dia from it. There were 1,091 recorded deaths from malignant melanoma in 1991 compared with 815 in 1981.

may seek court test of ITC

By Raymond Snoddy

SENIOR ITV executives want the powers and responsibilities of the Independent Television Commissioo to be tested in court after the row over the timing of News at Ten.

The ITC and the ITV companave snarply differen legal opinions oo the issue of the main oews hulletin.

A jodicial review in the High Court is seed as nitimately the only way of deciding which opinioo is correct and whether the ITC has the power to lusist that the programme should run at a particular time.

Mr Greg Dyke, chairman of the ITV Association and chief executive of Loodoo Weekend Television, believes the issue goes much wider than News at Ten. He believes that the 1990 Broadcasting Act is ambiguous on the respective powers and responsibilities of the ITC and the ITV companies.

Apart from issues of timing, be would like a ruling on ITV's obligation to provide a diverse schedule of pro-

One possibility to be discussed would involve persuad-ing the ITC to acquiesce in an ITV application for e judicial review to clarify the issue. Meanwhile opposition is

growing to any relaxation of the rules preventing the nine largest ITV companies taking over each other. The Glasgow-based Daily

Record newspaper has pub-lisbed a letter from Mr Ian Lang, the Scottish secretary, to Mr Peter Brooke, the national heritage secretary, in which Mr Lang expresses concern about the implications of such e relaxation for Scotland.

Regional programme-making obligations might still be enforced but there was no protection for oetwork programme production in the event of a takeover

Mr Lang argues for stricter rules so that, at least in Scotland, ITV companies cannot take over neighbours.

Even supporters of the relax-ation of takeover rules, such as Sir Christopher Bland, LWT chairman, believe this is now less likely, partly because of the News at Ten row.

A number of City analysts have attacked the cese for larger ITV companies and there seems little sign of a queue of potential continental Enropean predators waiting for January 1 when any such group can more easily take over an ITV company.

CLT, the Luxembourg-based interoational broadcaster wblcb is seen as one of the most likely predators, says it is more loterested in UK radio in the short term. It would be interested in a joint venture with an ITV company in the

ITV chiefs | Mail group to launch £20m sales drive

By Raymond Snoddy

ASSOCIATED Newspapers is launching new tabloid supplements for its three main titles the Daily Mail, the Mail oo Sunday and the Evening Standard in Londoo.

Mr Bert Hardy, managing arector of pers, said that the initiative, which will cost in the region of £20m in its first year, would be partly paid for by cost-cutting and a significant reduction in the group's television advertising, which totalled more than

Elim last year. The new supplements, with 48 pages and full colour, represent a departure for tha middle market and are likely to intensify competition when they are launched in October.

The Daily Mail supplement will accompany the Saturday edition. It will be aimed at the family and include seven days of television listings. The new Mail on Sunday sec-

tion will feature reviews and bave longer pieces of what Mr Hardy calls "reportage", aiming to increase the paper's appeal to broadsheet re-The Evening Standard's sup-plement will be published oo Friday and include the week's

television listings. Mr Hardy said that five years ago the Daily Mail had an average of 40 pages with an adver-tising ratio of 38 per cent. Now the paper has an average of 64 pages with 32 per cent advertis-

During the same five-year period the Daily Mail's circulation has marginally increased. In January 1989 it was 1.7366m and in June 1993, the latest official figures, it was 1.7455m. Average circulation for the Mail on Sunday between January and March 1989 was

1.977m, and from March to June this year the figure was 1.985m. Immediate rivals such as the Daily Express and Sunday Express lost circulation during this period. The newspaper price-cutting

wars seem to have settled down. The Sun, which reduced its cover price by 5p to 20p on July 12, has gained about 7 per cent in circulation, almost certainly far below the necessary level to pay for the cut. The Daily Mirror has maintained its circulation in spite of being

7p dearer than The Sun. Today has dropped between 0.5 per cent and 2 per cent in the battle, and the Daily Star has gained 2 per ceot to 3 per cent as a result of its latest

promotion.
This week's rise in the price of the Daliy Mail of 2p to 32p has made no difference to circulation and the Daily Express follows on Mondey with its own 2p rise to 32p.

Overall the popular newspa-per market is up nearly 4 per cent following The Sun's initia-



Lord Justice Scott yesterday told Jimmy Burns which present and former ministers he wants as witnesses

MR JOHN MAJOR, the prime minister, is to give evidence in public to the inquiry into arms exports to Iraq on January 17 next year, it was announced

Mr Major released a copy of a letter sent yesterday in reply to one sent to him on July 14 hy Slr Richard Scott, the Appeals Court judge, who is presiding over the inquiry, inviting him to appear as wit-ness in the week beginning

The change of date was by agreement to fit in with Mr Major's other engagements in December including the European summit.

The prime minister is expected to be questioned about the extent to which he knew about certain key Whitehall decisions relating to arms exports while he was foreign secretary and as chancellor of the exchequer. In an interview with the Financial Times vesterday his first since he was chosen to lead the inquiry last December Sir Richard outlined a list of present and former ministers

he wants to give evidence before Christma They include: Baroness Thatcher, the former prime minister, former foreign office ministers Mr Timothy Renton, Lord Howe, Mr William Waldegrave, Mr Douglas Hurd, Mr David Mellor and Mr Tristan Garel-Jones; former trade ministers Mr Peter Lilley and Mr Alan Clark; and Mr Michael Heseltine, the trade and indus-

try secretary. He said the inquiry bad taken longer than he had expected and described it as looking "into a very murky and inaccurate crystal ball" the world of arms trading and the machinery of Whitehall, He now planned to have his report completed by the end of March.

In his letter to Mr Major, Sir Richard sald delays in ohtaining some documents from some government departments had "hindered the efficiency of the questioning of witnesses".

But in his interview yester-day be emphasised: "I have not had any impression of any deliberate attempts to withhold information, no civil servants or ministers have dragged their feet about appearing as

"As to the answering of questions by witnesses, some

'It is like looking into a very murky and inaccurate crystal ball'

witnesses have been forthcoming and extrovert in the way they answer questions and some have not. One knows that as a judge from witness-box appearances. At the end of the day, one has to consider the evidence as a whole and make one's mind up as to what to make of it." After a week's holiday with

plaints I've heard about my work are from my wife," he remarked - he will use the inquiry's summer recess to begin writing his introduction to the raport and to sift through additional documents. He insisted that it was too early to be drawn on the report's conclusions and warned against exaggerated expectations concerning its potential political fall-out: "I do not see myself as holding a gun pointing at the beart of

government." Sir Richard said he did not think his terms of reference included proposals for anti-

which are used by the government to restrict access to confi-

dential documents. "I find it quite unlikely that i am going to be recommending any sort of legislation on (public immunity] . . . because think it is essentially the sort

of area that ought to be left to

be developed flexibly," he said. But he indicated that the evidence he had heard so far pointed to the need for a reform of Britain's exports and licensing procedures and a conclusion which could act as an incentive for ministers and civil servants to govern more

openly in future. He revealed that one of the main reasons for the delay in the inquiry's proceedings had been his discovery that companies may have heen been getting round legal restrictions on arms exports to Iraq by obtain-ing "open licences" to export to other Middle East countries such as Jordan and Saudi Arabia, which are not subject to the stricter licensing regime ary routes. He was only now beginning to get the documentation on open licensing contracts from government depart-

this is plainly an area which could quite possibly have been used for a number of exports to Irag, without any breach of statutory export regulations." Sir Richard rejected the argument by some officials that his report should not consider matters of ethics and public accountability in the

"I do not know how far the

implications of this extend, but

export policy to Iraq. I think government should be prepared to share with the public, on whose behalf they govern, its concerns and aims

government's handling of its



Lord Scott wants to hear the evidence of Baroness Thatcher, Lord Howe and Michael Heseltine

"I know, that in many cases that is not practical for reasons of security and other overriding national interests that may from time to time arise, but as general proposition, I do not think that government (policy), on behalf of the public, that is kept from the public, is to be

decision to bear evidence from be put at risk [if they were secretive in the handling of

members of the intelligence services behind closed doors. He had been "persuaded" by officials from MI5 and MI6 that it would be wrong to identify those witnesses or reveal the content of their evidence in his report where it related to their

"I think the personal safety Sir Richard defended his of some of the witnesses would

Identified) and that is not a risk I am prepared at any degree to run. If you are going to have intelligence agencles and secret services, they had better be kept secret. Otherwise there is no point in hav-ing them at all."

Nevertheless Sir Richard said the government had "certainly shown itself to be over-

system trial in which the govern-ment's had tried to keep classified documents from defence urged "All the documents which have come to us have various differing degrees of confidenti-ality or secrecy, according to

MOTOR industry analysis believe up to 110,000 cars will be registered in August, the fourth-highest volume for a single month in the industry's history.

Sir Richard rejected criticism But nearly two thirds of car dealers want to discontinue the of the cost of his inquiry - "a good deal cheaper than a court case" - and dismissed sugges-tions that it involved timeyearly registration prefix - L this year - which causes the sales bulge, a survey by Autowasting for civil servants: the nature of the inquiry "inevitamotive Management, a motor industry management publicably involves the time and tion, and Esso, the oil group, has found. The prefix system was critic-

Sir Richard said: "The reason the inquiry was set up in the ised yesterday hy Professor first place was because of a serious degree of public disquiet over what had been happening in government in connection with arms to Iraq. If the inquiry is going to serve its proper function, f think it is necessary that the nettle is grasped and that the maximum

part is held in public."

He added: "If you are going to have an inquiry, you had better have a thorough one and put up with the price that has to be paid for that thorough-

government criteria. I do not

regard myself bound by any of

these criteria. I have said that to government and I think they

co-operation" of Whitehall.

accept that position.

Sir Richard revealed that he had asked for but not yet received additional documents - believed to included CIA material - from the Gonzalez congressional banking committee in the United States. The committee has been looking at the financing of an alleged covert international Iraqi procurement network in the 1980s. Britain's relations with the

US government have been mentioned in evidence to the inquiry although Sir Richard said that the British documents he had seen so far did not suggest that the US may have influenced the UK government's exports policy

Garel Rhys, who holds the Society of Motor Manufactur-ers and Traders chair in motorindustry economics at Cardiff Business School, and is industry adviser to the Commons trade and industry committee. Prof Rhys warned that the system conflicted with the lean" manufacturing and distribution practices which the industry needed to remain competitive, in that it required manufacturers and dealers to build up stocks in advance of August 1, the day the registration prefix changed.

He said: "The only party now benefiting from the system are Continental manufacturers, for whom the UK August bulge is a godsend when demand in their own markets has gone seasonally flat."

The police favour the prefix

system, saying it helps witnesses remember cars used in

Nearly 700 dealers took part in the survey, which found that 62 per cent want to abandon the system and 24 per cent favour it.

The Retail Motor Industry Federation, which represents most dealers, is critical of the system. The survey did not

consider possible alternatives.

The August "bulge" - which reached a high point of 500,000 in 1989 - has sometimes threatened to overwhelm the trade. A government inquiry into the prefix system towards the end of the 1980s was abandoned when changes could not be agreed.

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The yearly identifier letter should be ahandoned Prof Rhys said, allowing the market to readjust to seasonal peaks. He added: "If August goes as expected, it will mean that 23 per cent of the year's sales will have been made in one month. Even the Japanese could not run an inventory-less system with that kind of distortion."

'The area the judge has been probing is quite absurd'

By Jimmy Burns and Edward Mortimer

WHITEHALL insiders are expressing unease about Sir Richard Scott's "grand inquisitor" role and the way he is conducting his inquiry.

Officials at the Foreign Office subjected to particular scrutiny in recent public hearings - say they are "relaxed" about the inquiry's potential political impact, and express the hope that some of its recommendations may lead to improvements in the efficiency of the government machinery.

But they say that in his questioning of witnesses the judge has dem-onstrated a lack of administrative experience and appreciation of the

One former member of Baroness

complexity of Whitehall.

Thatcher's government said this week: "The kind of area the judge has been probing is quite absurd. There are meetings every week at the Department of Trade and Industry between officials and companies wanting to sell arms with the Foreign Office waiting in the wings. The companies win a few, they lose a few. It's nothing.

things from the press but I regard that as a public service, as a patriotic duty. If we had to explain ourselves every time we made a foreignpolicy decision there wouldn't be any government." Officials say the demands on gov-

ernment departments to produce documentary evidence are "vastly expensive" and waste time which could be used on matters of

Whitehall departments are having to devote one and sometimes two officials to dealing with the judge's

"I've been involved in keeping requests on a full-time basis. "This is not what we are here for," said one Whitehall insider.

Another widely shared complaint is that the line of questioning by the judge and his team does not appear to take into account the political pricrities of the mid 1980s, as opposed to those that prevailed in the aftermath of Iraq's seizure of Kuwait and the ensuing war. "At the time we were trying to do

our best to sell arms," recalled one official. There were rumours that Kurdish villages were being destroyed by the Iraqis, hut these

were dismissed by our embassy in Baghdad at the time."

One former aide to Lady Thatcher said the former prime minister, who will give evidence later in the year, was "unrepentant" about her government's conduct of arms policy during the 1980s and was preparing a vigorous defence on commercial and pragmatic diplomatic

What we were doing was nothing compared to what the French and the Germans were doing, " he said, adding that in the tortured world of Middle East politics, policy was hav-

By John Willman,

Public Policy Editor

deal with changing circumstances. other foreign observers remember that in September 1988, Sir Geoffrey (now Lord) Howe, Lady Thatcher's foreign secretary, said that the evidence of chemical weapons being used by the Iraqis against Kurdish civilians was "compelling" The judge's terms of reference require him to consider not whether

ing to be constantly fine-tuned to

the government was trying to sell arms to Iraq - which it clearly was hut whether in so doing it was in breach of the law and its own declared guidelines.

Tribunal ruling excludes

Court to review warehouse finding into any existing UK planning But Thurrock said yesterday it

By Neil Buckley

THE COURT of Appeal yesterday allowed the UK's three biggest supermarket chains to continue their attempt to block planning permission for a US-style ware-house club – which would sell goods ranging from baked beans to car tyres - at Thurrock, Essex.

Sainsbury, Safeway and Tesco appealed after the High Court rejected their application for a judicial review of Thurrock Borough Council's granting of planning permission to Costco, the US warebouse club operator. The High Court must now review the planning consent in early autumn.

Costco said it had spent "sev-eral million pounds" on its site next to the Lakeside shopping centre and the warehouse was less than four months from

to grant general use approval for Costco's scheme, rather

that plan. Warehouse clubs sell goods

completion. The superstore chains are contesting Thurrock's decision

than classify it for retail use. Thurrock says it believed Costco's husiness plan set it apart from conventional retailers, and secured a legally-binding agreement from Costco that it would not depart from

at bargain prices to members who pay an annual fee.

But Mr John Littman, partner at planning consultants Rapleys, which is advising the three superstore chains, said the clubs must be considered as retailers.

"It is essential that warehouse clubs are subject to the same planning controls as other major retailers if the planning system is to operate consistently and effectively in the public interest."

Since the High Court hearing in June the Department of the Environment has published a planning policy guidance note which says that warehouse clubs should be considered Costco says they do not fit retailers for planning purposes.

was "very bappy" with its decision. "We are quite confident the High Court will support our original judgment, because it was based on very sound rea-soning," the council said.

Just how seriously the retailers are taking the matter is demonstrated by their unprece dented decision to launch joint legal action. They bave appointed a public relations agency to handle the issue.

Mr Paul Moulton, managing director of Costco, said he had "not been in the UK long enough to judge whether the big three are typically this altruistic in their protection of the planning laws. It seems suspicious to me".

Strength of retail recovery doubted

THE RECOVERY in consumer confidence and retail sales may be weaker than suggested by government statistics, according to a survey carried out by NOP for Verdict, the retail market research group. Each month NOP asks 2,000 adnlts thronghout the UK whether they are seriously considering purchasing nine items - ranging from £100worth of clothes to a house or flat - in the next six months. It adds the percentage of posi-

gory together to form a purchasing intentions index. Verdict's index for July is 112, unchanged from June. mooths are the lowest this year - after the index reached 125 in May, 117 in April and 126 in March - and are only

tive responses in each cate-

slightly above the 110 recorded in July last year. Verdict said: "These data are forward-looking, so that one cannot expect the figures to correlate precisely with current retail sales. But since we began the series these data bave proved to be an excellent remain convinced that official data are running seriously

abead of reality."

Verdict said it remained
"agnostic" about official statistics showing an inflationadjusted increase in retail sales of almost 4 per cent year-

For this increase to be true. it sald, retail multiples would have to he experiencing growth of about 6 per cent and independent retailers about 3 per cent.
The group said: "Such levels

of growth are not being achieved by the multiples with whom we are in tonch." Its own analysis snggests year-on-year growth across all ectors is about 2 per ceot.

pensions from EC directive THE UK and France have agreed to join forces in per-A TEST case at the suading the European Community to change the Acquired **Employment Appeal Tribunal** has established that pensions Rights Directive 1977. Impleare not covered by the Euro-pean Community directive that mentation of the directive in the UK through the Tupe regupreserves the rights of employees when businesses change

hands or work is contracted tracted out. The case was over the pension rights of Mr Ernest Warrener, whose company changed hands in circumstances that were covered by the EC's Acquired Rights Directive 1977. The tribunal ruled that the new owner was not required to offer the same pension provisions to employees which thay had enjoyed under their previ-

The judgment was described as "decisive" by Ms Melanie Tether, a partner of City solicitors Norton Rose. She said: "The tribunal backs the government view

that the directive protects only the accumulated rights of employees up to the time an undertaking is transferred."
This will come as a relief to contractors bidding for publicsector contracts, since pension provisions are often much tive can apply to contracting-out of public-sector services.

lations has created uncer-tainty over its application when public services are con-The French government is believed to be concerned about

the impact of the directive on lts plans to privatise stateowned banks and industries. At Monday's summit meet-ing, Mr John Major, the prime minister, and Mr François Mitterand, the French president, agreed to include the directive in 24 items of EC legislation they wish to be reviewed.

sector. Last night Mr John Hall, director-general of the Cleaning and Support Services Association, said the judgment as "very useful".

He said: "It clears the air on one of the major issues hanging over the government's contracting-out programme." However, a second test case completed yesterday at tha tribunal confirmed that the direcIn a judgment over a refuse collection contract in Eastbourne, East Spssex, the tribunal said that the pay and conditions of staff whose jobs are contracted out could be covered by the Transfer of Undertakings (Protection of Employment) regulations 1981, which implemented the directive in This appears to confirm

advice given hy the government's law officers in the spring that recent cases in the European Court of Justice have widened the scope of the Tupe regulations to compulsory competitive tendering. Where the regulations apply. they protect the jobs and conditions of employment of the

transferred to another However, the Eastbourne judgement was immediately greeted by Mr Jack Dromey of the TGWU general union as "a

workforce when their jobs are

historic verdict". Mr Dromey invited the government to offer compensation to those who have lost their jobs or pay as a result of contracting out.

Otherwise they would face thousands of claims for compensation for not properly

Business jet users accuse BAA of unfair practice

A LOBBY group backed hy some of Britain's largest companies has lodged a complaint with the European Commission against BAA, alleging anti-competitive practices.
It accuses BAA, which

operates London's largest airports, of unfairly axcluding some business jets so that more commercial aircraft on scheduled flights can use

The export manager of one large manafacturing company said: "This is a serious issue. It could he the beginning of a trend to exclude small aircraft

from major airports."

The lobby group intends to take BAA to the European

slots to higger aircraft and had cancelled some of the peak-time slots reserved for business aircraft. It said that a small aircraft's slot is twice as long as a normal slot because

Accountants face growing litigation World's biggest awards against accountants and auditors 1992-93 THE BIG accountancy firms

creditors and investors seeking to recover losses from insol vent or troubled companies, Lafferty, tha business informa tion group, says.

Lafferty says in a report to

the "threat of litigation has taken on new dimensions" in the US, with accountants held responsible for much more than "obvious malpractice". A sharp fall in share prices is sometimes enough to trigger a lawsuit against anditors. In the 1992 financial year

revenues, compared with 9 per Lafferty says 1992 "will likely go down as the worst

year ever for litigation against accountants' Statistics in the report show that worldwide there have been 12 settlements involving payoute of \$20m (£13.4m) or more. Four of the cases related to a \$400m settlement by Ernst & Young when it was sued by three US government hodies

for its role in the failure of US

savings and loans institutions.

Accountant against whom award made	Plaintiff	Accountant's client	Amount of award or settlement	Country
1 Ernst & Young	Federal Deposit	United American Bank	\$112m'	US
	Insurance Corporation	of Tennessee and others		
2 Coopers & Lybrand	Bankruptcy trustees	Miniscribe	est S95m~	US
3 KPMG and others	Investors	Wedtech	\$77.5m	US
4 Ernst & Young	Investors	American Continental Corp	\$63m	US
5 Coopers & Lybrand	Bondholders	Miniscribe	\$45-\$50m~	US
6 Ernst & Young	Resolution Trust Corp	Bexar Savings	\$43.7m*	US
7 Peat Marwick and others	Shareholders/creditors	Crazy Eddie Inc	\$42:0	US
8 Ernst & Young	Resolution Trust Corp	American Pioneer Sav Bank	535.92m	US
9 Arthur Andersen	Investors	Lincoln Savings & Loan	\$22m-\$30m	US
10 Pannell Kerr McGillivary	Teachers' Housing & Investment Co-op	Teachers' Housing & Investment Co-op	C\$32m	Can
11 Ernst & Young	FDIC	First Rep Bank Corp Texas	\$24m	US

Duke Group

Notes: * Part of \$400m settlement between Ernst & Young and US federal government over fallures of US savings and

Part of \$140-\$145m settlements by Coopers and Lybrand in Miniscribe case Ten of these cases were in the

sion is under attack elsewhere in the world. Three of the five lawsuits which sought to recover losses of more than \$1bn have been launched outside tha US. These include a claim for \$8bn in damages by the liquidators of Bank of Credit and Commerce International against Price Waterhouse and Ernst &

US but increasingly the profes-

12 Ernst & Young

tancy firms in at least 50 comtries have experienced one or more claims. Firms in at least 20 further countries may have claims pending.

Although the level of liability in continental European countries is low, the trend there is rising faster than in any other part of the world. Last year, for example, French accountancy firms faced some 150 cases, twice

The report says that if all proposed legislation and regulation in the European Community is adopted, accountants practising in member states will he subjected to the harshest rules any bere that govern claims and liability.

The Litigation Nightmare - a thrent to public accounting firms worldwide. Lafferty Publi-cotions, IDA Tower, Penrse

est AS35m Aust

Source: Lafferty Publications

Some companies using busi-nese aircraft have contacted the office of Mr Richard Needham, the trade minister, to argue that business aircraft should continue to have free access to Heathrow.

it has to wait until the turbulance caused by a preceding large aircraft has settled down. Private aircraft account for 4 per cent of the traffic at Heath-

wants to give more landing Court in Luxembourg.

face mounting litigation from

spending on litigation of the six leading US accountancy firms amounted to 12 per cent of US accounting and auditing

High Court rejects Maastricht challenge

By Robert Rice, Legal Correspondent

LORD Rees Mogg yesterday lost his High Court attempt to block ratification of the Masstricht treaty.

in a short and precise judgment the court rejected his claim that the government was acting unlawfully by seeking to ratify the treaty with-

out parliamentary approval.

Lord Justice Lloyd said that the
court did not doubt the issues were "of great moment", but it was "an exaggeration to describe it as the

most important constitutional case for 300 years".

The former editor of The Times was not in court to hear the decision. His son Mr Jacoh Rees-Mogg

to break a long-standing engagement

in Switzerland.

He said that his father and his include the financial backers, who include the international financier Sir James Goldsmith, would consider the judg-ment in detail before deciding Whether to appeal.

Mr Rees-Mogg denied that hy bringing the action his father was merely making political mischief. "It's been done as an important constitutional issue. There's no question of my father doing it merely to cause trouble, none at all."

Lord Rees-Mogg was ordered to pay the government's legal costs. Mr Rees-Mogg said he did not know how expensive the legal challenge had

been, but added, "it's not cheap". Giving the court's judgment, Lord Justice Lloyd, sitting with Lord Jus-tice Mann and Mr Justice Auld, said Lord Rees-Mogg had advanced three

First, by ratifying the social protocol the government intended to increase the powers of the European parliament without parliamentary approval as required by the 1978 European Parliamentary Elections

Second, by ratifying the social protocol the government would be alter-ing the content of BC law without parliamentary approval.
Finally, by ratifying Title V of the Maastricht treaty, which deals with

a common foreign and security pol-

ferring part of the royal prerogative to the European Council without statutory euthority.

The judge said that the first argument failed hecause section 1(2) of the 1993 European Communities (Amendment) Act contained a clear and unambiguous approval hy par-liament of the Maastricht treaty as a whole, including all the protecols.

incidental to the Maastricht treaty and ratification of the treaty would automatically involve ratification of the protocols.

The protocols were ancillary or

On the second issue, Mr David Pannick QC, for Lord Rees-Mogg, had argued that by ratifying the social protocol, the government

would be altering community law under the Treaty of Rome, which was now the fundamental law of the UK, and parliement alone could

Although the UK had opted out of the social chapter, the government had agreed to authorise the other 11 member states to effect It through EC institutions - and that could have an indirect effect on UK domestic law. Mr Pannick maintained.

But the judge said that a possible indirect effect on domestic law was "far too slender a hasis on which to hold that parliament has impliedly excluded or curtailed the Crown's prerogative to alter or add to the Treaty of Rome"

Lord Justice Lloyd said the third

argument was "the most interesting hut also the weakest".

Because Title V was an intergovernmental agreement it was possible for the court simply in accept that since no question of domestic law was involved it had no jurisdiction to consider the matter.

But assuming the issue was justlciable, even if Title V was read "with an eye most favourable to Mr Pannick's argument, it cannot he regarded as a transfer of prerogative powers," he said.

Title V did not entail an abandonment or transfer of prerogative powers; but an exercise of those powers, he added. It should be read in the same light as the UN and NATO

■ Christchurch a 'shout of rage' says Ashdown ■ Gould warns Labour about 'disturbing lessons'

Victor pledges to continue **VAT** fight

By Gillian Tett in Christchurch

MRS DIANA MADDOCK, the new Liberal Democrat MP for Christchurch, yesterday rounded off her by-election victory by returning to the issue that has always led her campaign - the government's proposal in impose value added tax to heating fuel. Speaking in an atmosphere

of Liberal Democrat jubilation albeit tempered by the lnw-key political style that has marked Mrs Maddock's campaign - ehe said the people of Christchurch had "spoken for Britzin". She pledged that: VAT would be her first political battle on arrival in West-

At her side Mr Paddy Ashdown, the party leader, said the by-election had been a "shout of rage" about the government's pulicles, and showed that the Liberal Densocrats were the main opposition to the government in the south

The Liberal Democrats said they had been taken shack by the size of their victory. Mr. Ashdown warned: "It does not mean that we have got them [the voters] for ever. I will not predict general elections from by elections - it's a mmg's

disappointed and exhausted Conservative party workers insisted that they would regain the seat at the next. election. But Mr Rob Hayward. the Conservative candidate; conceded that the government wnuld have to re-examine some areas of policy if it is to prevent further by-election:

Speaking with the self-ossession that has been the hallmark of his campaign, he said he had lost "because the voters of the constituency wanted in register a deter-

mined protest' Away from the television cameras, some local Conservatives suggested that Mr Hayward's lack of local roots and the fact he is divorced had weakened him in this highly traditional constituency.

ilis agent, Mrs Judith Jamieson, denied that Mr Hayward was becoming a scapegoat, but admitted that the size of the swing had taken many aback. But in spite of the political tremors that the by-election has sent to Westminster, the mood on the streets of Christchurch yesterday remained -

as always - restrained. A few holidaymakers and shoppers politely applauded Mrs Maddock as she made a triumphant tour in an opentopped bus, surrounded by a thicket of television cameras.

But some of Mrs Maddock's constituents warned that she remained nn probation. Pensioner Mrs Lily Warner said: I unted for her this time because I was fed up. But I don't know what I'll do next time. It all depends nn her."



On the other side of town, Victorious: new Christeburch MP Diana Maddock with Liberal Democrat leader Paddy Ashdu

Ministers urge Tories to unite on policies

SENIOR MINISTERS yesterday hegan a concerted effort to unite the Tories behind a strategy of sticking to their policies. after the Conservatives disastrous showing in the Christchurch hy-election.

But there were warnings from some Tory backbenchers that the clear message after the overthrow of what was a Conservative stronghold just 15 months ago was that the government should change

While Mr Paddy Asbdown said that his party's emphatic victory showed the Liheral Democrats "on a clear upward curve", Mrs Margaret Beckett, Labour's deputy leader, sought to shrug off the party's lost deposit in the Dorset constituency. But other Labour MPs expressed fears about the result's implications for Lahour in the south of England.

The Tory fightback was led by Mr Douglas Hurd, the foreign secretary, who attacked the "incoherence" of Liberal Democrat policies over the social chapter, value added tax on fuel and the role of British forces in Bosma.

Mrs Virgina Bottomley, the health secretary, urged the party not to look for people or policies to blame for the defeat, since it had already suffered so much from appearing dis-

Christchurch by-election

Diana Maddock (L Dem)

Nigel Lickley (Labour) Alan Sked (Andrew Barrion (Curiservative Candidate) 357; Lord David Sulch (Monster Raying date) 357; Lord David Suthi (Monster Raving Loom) 404: Peter Newman (Sack Grinland Taylor) 80; Yare Berdol Jackson (Buy the Daily Sport) 67; Peter Hollyman (Save the NHS) 60; John Grockard (Highlander IV Wedhaeday Promotion Night) 48; Mark Griffiths (Natural Law) 45; Mark Belcher (Ibn for King) 73; Mark Fitzhugh (Jahed Chickeri) 18; John Walley (Rainbow Aliance) 15

Lib Dem Majority: 16,427 (C; 23,705)

united. "No one should write us off; we will come fighting hack, stronger than hefore, she insisted.

Conservative MPs seemed inclined, however, to Ignore her call not to seek scapegoats. putting Sir Norman Fowler. the Tory chairman, and the imposition of value added tax on domestic fuel clearly in the firing line.

There were also longer-term warnings about the position of Mr John Major himself unless the party's fortunes improved. Mr William Powell, MP for ·Corby, said that at the very least, ministers should not go ahead with raising VAT on

it was a sign that taxes them-selves were so unpopular with erstwhile Tory voters that there should be cuts in public spending rather than any tax increases in the November

Mrs Teresa Gorman, MP for Billericay, compared the prime minister with a door-to-door salesman, telling BBC redio that in politics as in husiness, "if people don't like wbat you're offering they will slam the door in your face".

Mr Ashdown hailed the Liberal Democrats' success as confirmation of voters' determination to see hetter government in Britain, and said it was fresh proof that in the "heartlands of the south" only his party could beat the Tories.

Mrs Beckett's insistence that across the south of England Lahour was far more often the challenger to the Conservatives than the Liheral Democrats, was somewhat undermined hy Mr Bryan Gould, Lahour MP for Dagenham and a former shadow cahinet memher, who said the result had "disturbing lessons" for the

He said the party should recognise that it was still not identifying enough with voters in the south and that it needed to develop policies they would find "meaningful and attrac-

Bail sureties for Nadir called in

FRIENDS OF Mr Asil Nedir were yesterday ordered to surrender £1.15m they promised as bail surety for the fugitive tycoon, Tim King writes.

The money was part of a record £3.5m hail which Mr Nadir skipped in May when he escaped to northern Cyprus rather than face charges of false accounting and

Mr Ramadao Guney, the north London businessman who promised a £1m hail surety for Mr Nadir, was yesterday ordered to forfeit £650,000. Mr Guney appeared in court after the case had earlier been deferred on the grounds

of his ill health.
At the Old Bailey Central
Criminal Court Mr Justice Tucker gave Mr Guney six months to pay and imposed a sentence of two years' impris-onment if be defaulted.

Mr Nadir's former wife. Mrs Aysegul Nadir, had promised £500,000 surety. Mr Justice Tucker ordered that she pay that sum to the court within 28 days or go to prison for 18 months. He expressed doubt that she would pay since she was reported to be in northern

Cyprus.
The judge said he was satisfied that Mr Guney had played no part in Mr Nadir's flight or aided his escape.

Mr Guney's solicitor Mr Rick Shearman said the substance of his client's case, which the judge heard in private, was that the surety had not been renewed when Mr Nadir's trial

Court refuses to lift BCCI freeze

THE High Court yesterday refused to lift orders for the unlimited worldwide freezing of assets granted to the liquidators of ECCI in support of their \$10.5hn (£7hn) claim against Sheik Khalid Salem Bin Mahfour and retired Pakistani banker Mr Haroon Rashid Khalon.

The orders, which make provision for payment of legal costs and living expenses of \$10,000 a week each, were originally granted last December. Their continuation had been contested by Sheik Khalid and

The judge also refused an application by Sheik Khalid to limit the order against him to

Consultation on pension proposals

THE government is asking for opinions on proposals that could give local authorities a free hand in setting pension

benefits for their staff. The Department of the Environment proposals would change the local government superannuation scheme, in England and Wales, Only new employees would be affected. More than £33bn is invested

Company fined over five deaths

HICKSON and Welch, the chemicals company, was fined £250,000 yesterday over an accident in which five workers were killed at its plant at Castleford. West Yorkshire.

Leeds Crown Court heard that a 200ft-high flame from a distillation tank destroyed a portable huilding and hadly damaged an office block. The company admitted failing to ensure the safety of employees. It was ordered to pay £150,000 costs.

Lloyd's Names win appeal ruling

THE Court of Appeal yesterday ruled that Lloyd's Names unable to pay their losses can sue their agents for negligence.

Names - individuals whose assets support underwriting at Lloyd's insurance market originally won the case in the high court in May.

Children head Welsh speakers

THE HIGHEST proportion of Welsh speakers is found among children, the 1992 Welsh social survey found, A third can speak the language, compared with 21.5 per cent of the overall Welsh population. There are estimated to be 368,000 fluent Welsh speakers.

Tobacco warnings HEALTH WARNINGS will be extended from cigarettes to packs of cigars, pipe and handrolling tobacco and snuff from the start of next year under government regulations.

onservatives seek comfort from history get more than twice as many seats as the Liberal Democrets.

quite the record-breaking result that some have

" The 31 per cent drop in the Conservative share of the vote far exceeds their worst performances in the Thatcher-Major era - 24 per cent in Richmond in 1989 and 23 in Ribble Valley in 1991 - but it was topped by the 32 per cent Tory slump in Rochdale in 1958 and even by. Labour's drop of 38 per cent in Bermondsey in 1982.

The Conservatives have been quick to find comfort in history. Their worst by-election disaster in each of their last four parliaments in office were reversed in the subsequent general election.

But the Conservatives have no excuses. Nothing in the constituency or the candidate or the campaign was especially adverse. They suffered from the greatest anti-government swing on record because the government is unpopular - the public has, at least temporar-

ily, lost confidence in the Conservatives ability to govern.
The Liberal Democrats have umph is being downplayed

David Butler analyses the result and concludes that while the the dramatic loss, time will

ity when they come to try to pick up a few seats in the Euro-elections next June. Although they are the largest Liberal party in the Community, the first-past-the-post

bourg.

learned the art of not boasting during a hy-election campaign and even their stupendous trivictory has too often been followed by disappointment.

But the triumphs of New-bury and Christchurch will enable the party to recruit money and candidates in a way that will add to their credibilgovernment has no excuse for ease the burdens of defeat

electoral system has denied them representation at Stras-

For Labour to find comfort it must look to its nationwide poll standing - 44 per cent, 17 points ahead of the Tories and 19 points ahead of the Liberal In Newbury, its vote fell

from 6 per cent to 2 per cent; in Christchurch the fall was, proportionately, even greater from 12 per cent to 6 per cent. Labour had prudently hinted

in advance that its supporters were welcome to be beastly to the Tories in any way they saw fit - a tacit encouragement to the tactical voting that has become increasingly prevalent. But tactical voting does not work symmetrically. Most abour voters prefer Liberal

The Liberal Democrats are

more evenly divided. There are

Democrats to the Tories.

ing greatly helps Lahour. Mr Paddy Ashdown, the Liberal Democrat leader, cannot countenance a formal pact with Labour just hecause it would drive so many of his supporters into the arms of the Conservatives. One feature of government

by-election disasters is that the record swings have always been to the centre, not to the main opposition party. Although the Christchurch swing would oust the Conser-

vatives in every seat, the movement would surely be much less in seats where Labour was the challenger. This year the Liberal Democrats have scored two buge vic-

tories in the safest of Conser-

vative seats. No one expects places of this sort to fall in a general election. And there's the ruh for Mr Ashdown - it is in the safet Conservative seats that his Liberal Democrat strength is

not in the right places. If all

three parties won equal votes

in the next election, Conserva-

tives and Labour would each

Thursday confirms the new law - no government seat can be held in a by-election. No Tory MP can hope for a peer-age or a plum job while this parliament lasts and no seat could he found for Mr Chris Patten. Hong Koog governor, or any alternative saviour.

Mr John Major's Hunting-

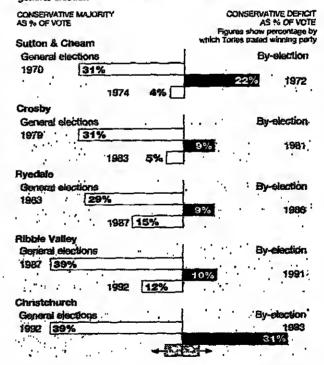
don, the safest of all Conservative seats, would have heen lost by 10,000 on the Christchurch swing. The only vacancies will come

from mortality. Actuarial calculations suggest that six more Conservatives MPs are likely to perish before the next dissolution. In the previous three parliaments, death caused fory vacancies at the rate of two per year. Six hy-election losses would

reduce the government's majority from 17 to five - hut, with luck, that would not happen until 1996. Even the most sensational of by-election results creates hut

a small ripple in the ocean of time. The impact of Christchurch will be deadened by the When the politicians and commentators return from

their holidays, their eyes will be on the party conferences. Will the unions behave themselves for Lahour? Will the Euro-sceptics behave themselves for the Conservatives? The government must hope



Conservatives can take comfort from history

The Conservatives' worst by-election disaster in each of the last

four parliaments in office was reversed at the subsequent

for no more hy-elections, but an economic recovery may be slow and the lag between economic recovery and political recovery may be considerable. Mr Major and his party have

open because of uncertainty about the eventual cost of claims, exceeded £19.6m. ber managed by Merrett Holdings, specialised in so-called

after the policies' inception. Mr Merrett said in a letter to the 341 Names, the individuals whose assets support the market: "In our opinion the report produces virtually nothing that could be thought to be new and relevant information." The

most of the loss. Losses on the contracts.

much older and larger syndicates, an effective concentration of risk into a new and small syndicate". Mr Merrett said the loss

review should have looked more specifically into the circumstances surrounding the deterioration of results in 1990, when claims from environmentel pollution accounted for almost 90 per cent of a cash

"the risks assumed resulted in

syndicate 421 having a sub-

stantial exposure to potential

adverse developments on old

years of account in respect of

a rough road ahead. But one

can exaggerate bow much

Christchurch edds to their hur

The author is a fellow of Nut

field College, Oxford

Generators may face controls

BRITAIN'S TWO largest electricity generators could be subjected to price controls or ee asked to sell plant after Professor Stephen Lutlechild. industry regulator, completes a review of their costs and profit

margins later this year. Prof Littlechild raised these possibilities yesterday as be announced the results of a preliminary inquiry into why selling prices in the wholesale electricity pool have risen by 20 per cent this year.

He indicated these could be alternatives to referring National Power and PowerGen to the Monopolies Commission if he found that they had

increased the prices they charge to the electricity whole-They would be preferable to

profit controls, he said. Prof Littlechild said the many electricity customers who had complained about the pool price rises were right to be concerned. "In a competitive market, customers' interests would be

paramount. This is not yet the case in the electricity market." The generators received average pool revenues which exceeded their avoidable costs. The need to cover avoidable costs does not justify any further price increases. Nor did it

justify an increase as high as the recent one (since April).

assertions by competing more aggressively on the pool price." Prof Littlechild said the electricity pool should base prices on both demand and supply. One suggestion is that demand side bidding he introduced. whereby consumers could be

ing electricity when prices rose to e certain level. The regulator said that the pool should also look closely at rules under which generators are compensated if plant is constrained off the system by the National Grid, which operates it. Prof Littlechild is also

paid if they agreed to stop tak-

asking the pool and the National Grid to consider a "more appropriate division of responsibilities" for transmission and administration costs. Many of the costs were simply passed on to the customer.

They could be met by the grid

taking wider responsibility and recovering money through Existing arrangements did not provide enough incentive to cut costs, he said. Alternatively some of the costs could he dealt with hy

the pool rather than the Pool Price Statement, July 1993 Offer, Hagley House, Hag-ley Road, Edgbaston, Birmingham, B16 8QG. Free.

Lloyd's chief defends loss-making syndicate

By Richard Lapper

MR STEPHEN MERRETT. deputy chairman of Lloyd's of London, yesterday respimulated controversy in the insurance market by criticising a Lloyd's investigation into losses by one of his syndicates. The review was appointed in

1991 when losses from 1983, left

Syndicate 421, one of a numlong-tail business in which claims can occur many years

Names face losses of £57,000 for each £10,000 traded. The review focuses on the underwriting of seven run-off contracts, which generated

which reinsured other syndicates and insurance companiee, initially arose from US

call for \$5.6m.

"Customers assert that By Michael Smith prices would be lower in a more competitive market. The sale pool excessively. generators could counter these

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700 Saturday July 31 1993

Pragmatism v dogmatism

BATTERED AND drowsy, the European exchange rate mechanism looks to be on its last legs. Miraculous recoveries have been known before. But unless Europe's finance ministers are able to hatch a plan over this weekend which can promise to deliver a sizeable cut in French interest rates very soon, the prospects for fixed exchange rates surviving in Europe, other than among a small core of Germany's north European partners, look slim. What is needed is a pragmatic and face-saving escape route for the French government which can deliver lower rates without requiring the abandonment of its European ambitions and commitments. It is in Bonn, more than Frankfurt and even Paris, that the hard thinking must take place.

Germany's political leaders, rudely awakened in their holiday retreats, must put past errors and disagreements behind them. Yes, Bundesbank council members can rightly complain that it is the German government's budget profli-gacy that has required them to keep interest rates so high. Yes, German government ministers can mutter that France should not have resisted a upward realignment of the D-Mark when it still

Nor are French remonstrations about the Bundesbank's lamentable performance over the past week likely to help in the search for a route out of the current crisis. Reasonable people can disagree about whether recessiontroubled Germany really does face a short-term inflationary threat. But it was perfectly within the Bundesbank council's rights to resist a cut in its discount rate if it truly believed that such a cut would run counter to its declared aim of securing medium-term price stability in Germany.

But the French can complain ebout the Bundesbank's failure to quell the widespread rumour before Thursday's council meeting that a discount rate cut was imminent. Indeed, by cutting the repo rate almost to the discount rate floor on Wednesday, the bank actively fed those rumours.

Ruled out

Still, the substance, not the style, of the Bundesbank's decision was what set off yesterday's turmoil on the foreign exchanges. For the Bundesbank has effectively ruled out a cut in interest as currently constituted for some weeks. This realisation was enough to undermine confidence in the ability of Belgium, Denmark and, most important, France to live with the high real interest rates that Germany's fiscal difficulties are transmitting across Europe. Intervention, on an unprecedented scale in

Europe's monetary history, could not keep the French franc from

falling out of its ERM bands. The future of Franco-German monetary relations bas thus reached a crucial juncture. The time has now passed when public statements of commitment to current parities from the French minsters can do much good. Regard-less of the hopes and wishes of the French government, the markets do not now appear to believe that France can maintain interest rates at their current levels. The gap between the market rates and prime rates is too large, the bank ing system too weak, the French economy too troubled and the erosion of public support for the frame fort policy, in the face of rising unemployment, too rapid. Any effort to sweat next week out will probably end in failure.

Economic reality

Nor is a realignment, or modes widening of bands, likely to huy anything more than a fleeting breathing space. France, Belgium and Denmark are not burdened by uncompetitive exchange rates, but by much higher interest rates than their excellent inflation performances require. A realignment cannot work unless it persuades the Bundesbank to cut German interest rates. But Germany's inflationary pressures are in the service sector, where the impact of a higher exchange rate is negligible. In the private sector, where a stronger D-Mark would bite, dellation is currently the problem.

The only other alternative, short

of a rapid and politically improbable move to monetary union, is temporarily to sever the Franco-German monetary link. France can no longer afford to ignore the economic reality that Germany's particular problems demand a tighter monetary policy than France can sustain

What is needed is a way to break the link in a manner consistent with the French government's political pledges; to stay in the ERM and to bonour the spirit of the Maastricht treaty. The solution is for the German government to propose what now seems economically rational, if politi-cally very difficult the temporary departure of the D-Mark from the ERM. The remaining ERM member countries should then announce an immediate 2 percentage point cut in interest rates, perhaps accompanied by a move to

France may blanche at such an outcome. But, by choosing pragmatism, both Paris and Bonn would signal a partial but honourable retreat from their joint monetary aspirations. Trying to soldier on looks increasingly likely to deliver an inferior outcome, and in a much more ignominious fashion.

bloody nose in Newbury. A kick in the teeth in Christchurch, Mr John Major cannot take much rashes to the canvas. After the loss of Newbury in May,

the prime minister sacked his chan-cellor. The ghost of Mr Norman Lamont lives on if there was a single factor which ensured the government would be humiliated in Christchurch, it was the decision in his last Budget to impose VAT on

domestic fuel.

But the Christchurch result said much more about Mr Major's administration - and his premiership. The government and its leader have fallen out with their own peo-ple. The footsoldiers of Toryism in southern England are seething. Unless he wins them back, the prime minister is doomed.

The by-election result was as awful as the government's worst fears. By the final days of the campaign, ministers had given up any hope of holding what only a year ago was their 15th safest seat.

In the event, the 16,427 majority secured by Mrs Diana Maddock, the less-than-inspiring Liberal Democrat candidate, broke all postwar records. No Conservative government since 1945 has seen a 35 per cent swing against it. Nor has any previous administration witnessed such a dramatic fall in its own vote.

The traditional refuge after Tory by-election disasters - blaming the local activists' dud candidate - is not on offer this week. Mr Rob Hayward, an experienced former MP, made his mistakes. But those on the ground judged that, on balance, he won rather than lost votes.

Mr Major's reaction was predictable. Christchurch marked the end of a wretched year for his government. But it was backward- not forward-looking. The electors were responding to the economic reces-sion and to the disarray caused by the Tory civil war over Europe. He could draw comfort from

Labour's dismal performance. Mr John Smith may claim that his par-ty's lost deposit in Christchurch was the inevitable result of tactical voting. But the ontcome - coupled with a similar humiliation in Newbury - can hardly enhance Labour's pretension to be a party which can again win seats across the south of England, Mr Smith, embroiled in his own, damaging, internal dispute with the trade unions, cannot rely on the government's mistakes to deliver votes to his party.

The long summer parliamentary recess offers Mr Major a respite. The Conservative party at Westminster has been denied its opportunity to panic. The turmoil in European

hancellor, I thought you might welting ont the policy options over the extension of VAT to domestic fuel and power, widely blamed for our humiliation in the Christchurch by-election.

I assume that you do not wish to withdraw the extension - popular though this would be. VAT on domestic fuel at 8½ per cent in 1994 will raise almost £1bn; the second-stage increase to 17% per thereafter. Unless you put up other taxes to raise similar amounts, the markets would see this as a fatal weakening in your resolve to curb

Handbagged by grey power

Can Major rebound after the humiliation of Christchurch, asks **Philip Stephens**



currency markets has raised a question mark over prospects for the economy, but the odds are that the British unturn will continue to take hold. Another interest rate cut might sweeten the October party conference. Maastricht is history.

Wise souls on the Tory backbenches believe time will prove the commentators wrong: those who follow events at Westminster have made the classic mistake of projecting into the future the mood of the

elder statesman of the liberal Tory right, left for his summer break this week predicting the "black misery" of Christchurch would be followed by much calmer autumn waters. As economic recovery began to be felt by the voters, Mr Major would have another chance to get to grips with

his domestic policy agenda. But drawing lines under past disasters has become quite a habit for this government - under its forced exit from the exchange rate mechanism, under coal industry Mr John Biffen, the eloquent closures, under turmoil in the

schools, under Norman Lamont. The lines rarely seem to last. For all the brave ministerial speeches yesterday, the cabinet looks tired and purposeless. Mr Major does not look prime ministe-rial; the voters judge him weak. He has still to articulate a convincing

political agenda. Mr Michael Heseltine's energy is sorely missed. Mr John Patten has been sidelined by a stress-related stomach illness. Others around the cabinet table are preoccupied with

Mr Kenneth Clarke is an excep-Mr Kenneth Clarke is an excep-tion. But Christchurch has mar-rowed greatly the options for what must be a tough November Budget. Senior Whitehall officials predict he will resist the pressure from the Tory hackbenches to delay the introduction of VAT on fuel. It was not his collect but he has defended it not his policy hut he has defended it

vigorously.

But the voters have delivered a warning that they will not tolerate further tax or spending changes which fall heavily on the government of the properties.

which fall heavily on the govern-ment's supporters. Grey power has come of age in suburban England. The chancellor might as well rule out now any further extension of VAT beyond, perhaps, to newspa-pers. There will have to be generous compensation to offset the pain of higher fuel costs. Every proposed agving in welfare benefits and health service provision will now have to be weighed against the reaction of the once-loyal battalions of home counties pensioners now marching under Mr Paddy Ashdown's banner.

he Liberal Democrat leader was wise vesterday not to draw extravagant conclusions from the party's recent undoubted successes. There was too much talk in the 1980s of "breaking the mould". Mr Ashdown's troops remain preoccupied with local rather than national politics. The team which Mrs Maddock will join at Westminster is hardly full of sparkling talent

Mr Ashdown has yet to establish a coherent national strategy for his party but he is capitalising - like Mr Ross Perot in the US last year -on the mood of anti-politics which has swept through the west.

Taken together, Newbury, the county council elections on the same day, and Christchurch, have seen the Liberal Democrats advance steadily eastwards from their West Country strongholds. The party is beginning to entrench in areas which the Conservatives have long taken for granted.

Up to two dozen Tory MPs are now looking anxiously over their shoulders at the threat to their seats come the general election. They are warning the prime minister that it will take more than a gentle economic recovery to erase the bitterness cause by the betrayals" of the past year. They are reminding him that they represent the difference between Conservative and Labour government. If he does not pay heed, they will join the dis-enchanted and dispossessed on the Tory backbenches who have already given up on Mr Major'a leadership.

Fuel for thought on VAT

A Tory party memo has found its way to John Willman

government borrowing. The Treasury gilts people would have a fit. I read in the press that you thought about going ahead with the first-stage rise to 8½ per cent in 1994, but scrapping the second-

stage increase. The same newspapers say that the deficit would be made up by extending VAT to other zero-rated items such as food and children's clothes. I assume this bizarre suggestion was designed to frighten backbenchers away from

If you are going ahead with VAT on domestic fuel, quick action is needed to substantiate your predecessor's pledge to "belp people on low incomes". There is good news and bad news, chancellor.

The good news is that you can help most people on low incomes third of the additional rev-

idays and meals that we miss," he Making no secret of his belief that

he is worth a great deal more than his congressional salary of \$133,600 a year, Mr Rostenkowski lives a life-

style that systematically exploits

Travel, often to golfing events, is

paid for by business and lobbying groups; and meals by Mr Rosten-

kowski's campaign fund or his polit-

money to support other candidates.

Blurred lines between political

But few can match the chairman

indeed, Mr Rostenkowski's skili

at stretching his perks to the limit

is the reason why many colleagues find it hard to believe that he would

have gone beyond those limits. Why

would he embezzle small change from the House post office when he

could legally have pocketed more

than \$1m from his campaign fund if

he had retired last year, under a

law which left longserving members

of Congress subject to older, looser campaign finance rules.

The question hangs unspoken

of Ways and Means in his ability to

reap the rewards of office.

and social activities are not unusual

these perks.

enne from the rise in VAT. The bad news is that you can't belp everybody. Worse, you can only compensate people for average rises in fuel bills. People with higher-than-average bills will get less than they need and will still more than they need are unlikely

I understand that Peter Lilley Isocial security secretary] is anxious to announce a package at the party conference in October. Here are some points to think about: Don't make the mistake Mr Porthough it will swallow up about a tillo [chief secretary to the Treasury] made of saying compensation

to draw attention to this.

for higher fuel prices can be left to the annual nprating of social security benefits in line with the retail prices index. First, uprating is retroactive - so pensioners, the disahled and low-income families would get a benefits increase only after a ear of paying higher fuel bills. Second, most people know the poorest households spend a higher-than-average proportion of their income on keeping warm and need more than average compensation.

• Paying an extra 80p a week to people on means-tested benefits from next April would compensate them for VAT at 8 per cent on the average fuel bill of the poorest 20

per cent of households, according to our Social Security Advisory Committee. That means finding about £360m next year and £720m a year from 1995 when the secondstage increase is imposed. This looks cheap at the price.

 We need some way of dealing with the criticism that the fuel price increases will also hit many pensioners just above the income level for means-tested benefits. I suggest we put a decent sum - say £100m - into a scheme to provide them with home insulation grants. This would also boister our green justification of the VAT increase.

Politically, the cost of this package, more than £800m when the full VAT increase is imposed, is a small price to pay. You could always cover the cost by imposing VAT on newspapers which would raise more than £1bn and teach the treacherous tabloids a lesson.

MAN IN THE NEWS: Dan Rostenkowski

Fixer who may come unstuck

The burly Chicago Democrat has been in his element, bullying and cajoling his congressional colleagues towards a deal on President Bill Clinton's budget. As chairman of the Ways and Means committee of the House of Representatives, Mr Rostenkowski is, as always, central to tax negotiations.

But he remains the target of a two-year criminal investigation by federal prosecutors who have requisitioned a dozen years of his cheques, bills and campaign documents, and subpoenzed his staff, his friends and his daughters.

Last week, Mr Robert Rota, the formar House of Representatives postmaster, pleaded guilty to three misdemeanour charges, including aiding "Congressman A" to embezzle at least \$21,300 between 1985 and 1991 hy giving him casb in exchange for office expense vouch-

ers made out for stamp purchases. The amounts and dates of the vouchers filed with the court match those listed in separate House records for Mr Rostenkowski.

Mr Rostenkowski last week reaffirmed that he was "innocent of any wrongdoing", and no charges of any kind have been filed against him. But Mr Rota's plea has made many in Mr Rostenkowski's two

home cities of Washington and Chicago conclude that it is only a matter of time before he faces indictment, and with it, under Democratic Perty rules, removal from the Ways and Means chair-

His critics have often dismissed him as e typical Chicago machine politician, and indeed, like his mentor, Mayor Richard Daley, who hrought the system of patronage

t is the best of times and the and political favours to perfection worst of times for Mr Dan Rosin his rule over the city from 1955 until his death in 1976, he has always known the importance of getting his supporters' streets swept and finding jobs for their nephews.

In his 20s, when trying to make it as a professional baseball player, he trimmed his name to Rosten, but regained the -kowski when he entered politics, aged 24, following in his father's footsteps as a memher of the Illinois state legislature.

He still lives in the house where he was born in a Polish-American community on Chicago's north-west side, and keeps only a sparse, one-bedroom flat in Washington. His wife, LaVerne, does not come to Washington

He still delivers for Chicago, winning the city regular federal money for roads, transit systems and public housing.

Mr Rostenkowski is also defiantly old school in his way of doing business, which involves a mastery of the art of compromise, backed up by endless loyalty and considerable

courage, meaning what precise He is unmatched in his ability to read the mood of the House, to sense the exact combination of concessions and bullying that will be

needed to strike a deal. His legislative monument is probably the 1986 tax reform, which lowered income tax rates in exchange for the elimination of a host of

deductions and loopboles. The measure never commanded much popular support, but Mr Rostenkowski manoeuvred it through a reluctant House making concessions only to members who would

promise to back the hill. It finally put paid to Mr Rostenkowski's earlier reputation for political laziness for being quick to shoot down a hill that he judged



would not pass the House, but slower to do the hard work needed to get tough measures into law.

As chairman he demands the same from members of his Ways and Means committee, which has jurisdiction over almost all the revenue legislation and almost half of the spending that passes through

He has little patience for the Senate, whose convoluted procedural rules he finds impede the constructive work of legislation, and none at all for senators who retire in frustration.

"You don't quit. You fix the machinery," he says. He has no time at all for members of Congress who condone public criticism of their institution, reserving particular scorn for those who

well as I do that perks can't make

up for the birthdays, ballgames, hol-

over the conference room in which House negotiators, led by Mr Rostenkowski, argue with their Senate counterparts over a compromise budget hill and complaining about the "do-nothing" Senate's inability to pass anything with even the slightest grain of controversy. For all the reformism of the last

20 years, in which clean politics has come to outweigh good policy with US public opinion, it has often seemed over the last week of negoti-etions that Mr Rostenkowski's old school arm-twisting skills were as much in demand as ever.

The budget agreed by the Demo-

crats yesterday, however, marks a victory for the "do-nothing" Senate and a failure for Mr Rostenkowski. seek to curb their own pay.

"Sure there are perquisites that come with the job. But you know as

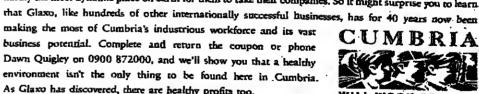
George Graham

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than being spoken of unkindly, it is not being spoken of at all. Anyone who doubts it should consider man who will take charge of railway tracks next April when rail privatisation starts coming

Barely a year ago, in one of the most sensational palace coups in recent UK corporate history, Mr Horton was ousted from his position as chairman and chief executive of British Petroleum with accusations of abrasiveness and megalomania ringing in his ears.

Now, as chairman of Rail-track, the government-owned tha tracks from British Rail next year, he is preparing to re-enter the public arena in a lob that will not only thrust him more than ever into prominence, but threatens to turn him into an object of vilification if he fulfils people's worst fears about what he

Mr Horton, 53, is a government appointee to the chair-manship of Railtrack. That is bad enough for members of the rail lobby, since they mistrust ministers' commitment to the railways. But far more disturbing is Mr Horton's reputation as an axe man ("Horton the Hatchet", as the sobriquet has lt), for it recalls the swingeing cuts to the rallway system instigated by another Conservative government appointee in the 1960s - Dr Richard (later Baron) Beeching, then-chairman of the British Railways

Mr Horton's reputation for toughness was built up during a 35-year climb to the top at BP. His record was that of an aggressive cost-cutter, first in the tanker and chemical divisions and then as bead of BP's North American operations.

Mr Horton'e determination and boundless ambition went down well in the US, where they satisfied notions of what captains of industry should be. But his American-style management methods were less well received in the UK when Mr Horton became chairman

and chief executive in 1990. He made It his mission to shake up a corporate culture stultified by bureaucracy. Head office committees were abolished, layers of manegement

he Middle East abhors a dip-

lomatic vacuum like no other

part of the world. If it is not

trying to resolve the worst of its problems through negotiation.

then the danger is always there that

The latest, and objectively the best

hope for resolving the Arab-Israel con-

flict peacefully sprang out of the war

in the Gulf. Some 20 months after

Iraq's forces were driven out of

Kuwait, the long festering crisis of Israel's relations with its Arab neigh-

bours was brought to the negotiating

lable in Madrid, Some 21 months

later, with no progress to show, the

guns are again firing, civilians are

dying and the pitiable sight of hun-

dreds of thousands of refugees fills

Once again, for the third time in 15

years, it is the Lebanese people who are paying the price for the failures,

ambitions and short-term political

manoeuvring of the region's leaders. This week's relentless attack on the

country hy Israel, which has already

forced at least 250,000 people from their homes, killed 120 and wounded

bundreds more, serves interests far

removed from those which support

minister, clearly believes that the mil-

itary operation is necessary for his

government and for his country. Ear-

lier this month, seven Israeli soldiers

were killed by guerrilias in south Leb-anon, in the slice of territory (about

10 per cent of the country) Israel has

occupied since its two earlier ill-fated

Then, as now, the declared aim is to

rid the south of Lebanon of guarrilla

forces capable of challenging the

occupation and of firing rockets into the northern tip of Israel. This time.

however, Israel is trying e new tachc.

By deliberately driving out the popu-

Mr Yitzhak Rabin, Israel's prime

conciliation and compromise.

invasions of 1978 and 1982.

television screens.

it will blunder again into war.

Robert Horton, former boss of BP, is changing his abrasive image for the chairmanship of Railtrack, says Richard Tomkins

Hatchet honed to a softer point

were swept away, and thou sands of jobs went. Responsi-bility was delegated to unit managers, who were told that they would "own" problems and be "empowered" to deal with them.

Unfortunately the changes nomic conditions which caused a sharp fall in profits. Worse, Mr Horton generated personal antagonism with his reputation for arrogance. "Because am blessed by my good brain, I tend to get to the right answer rather quicker and more often than most people," he said in a notorious interviaw with Forbes, the American husiness

in June last year, his fellow directors decided they could no longer work with him and cast him out. But Mr Horton was not to stay out of the limelight for long. As chairman of Railtrack, he may have exchanged the £787,000 he earned in his last year at BP for e more modest annual salary of £120,000; he may have left BP'a palatial City beadquarters for a dowdy. down-at-heel office block opposite Russell Square tube station; but he is back.

He is also at pains to soften the harder edges of his image. Whatever else he may have been brought into Railtrack to do, he says, it is not to take an axe to the railway network. "It is very different from the situation I found in the oil industry, because BP had diversified into a lot of businesses that were not core, such as minerals and

animal feed," he seys. "It seemed to me that an oil company ought to stick to being an oil and petrochemicals company. But railways are quite different: railways are e core activity in themselves, and I have absolutely no intention of being a Dr Beeching Rather, he says, his goals are



nent style is actually highly consultative – I really do delegate

to improve the quality of the existing infrastructure and to increase capacity by installing better signalling systems and ramoving bottlenacks. "I believe in the efficiency of public transport, and far from wanting to reduce what is available. I want railways to become e more popular and more used mode of travel"

If this sounds slightly suspact coming from someone whose previous business was making petrol for cars, Mr Horton is ready to acknowledge It. "Obviously with my background, f start from the point of view that the car is a great liberator for people wbo, 40 years ago, would not have travelled beyond the town they lived in," he says.

"But we are faced with a situetion in which this cannot continue in an unfettered way because wa live in a little island with a lot of people and a lot of beautiful countryside. and we don't want to see it turned into a concrete jungle, The implication of that, says Mr Horton, is that motorists will sooner or later have to start paying more for the use of the roads, so encouraging a

switch to rail for goods and

passenger transport.
So is Mr Horton the railway. man's friend? It would seem so. One difficulty he cannot gloss over, however, is how he will fund the track improvements he wants at a time when the prospects of getting more money out of the government are close to zero.

machine, says Mr Horton, Its haadquarters will employ An easy solution would be to about 150 people, half from BR and half from the private secraise the money from the train operators by inflicting high charges for the use of the tor. The company will also taka on BR's signalling and

ton's plan - nor, presumably, the government's - for it

would mean either large and

politically unacceptable fare

increases or bigger state subal-

within Railtrack's operations.

And this, above all, is why

Horton the Hatchet has been

drafted into the railways - to

costs, so easing fears among

would be train operators that

thair track charges will be dic-

Railtrack will be a lean

dies for the train operators.

the creation of 10 geographical zones to run Railtrack's day-to-day operations. Manag-ers will be given e high degree of devolved power to run their businesses, Mr Horton says. Headquarters will set quarterly targets and zonal managera will be left to achieve them, with financial rewards geared to the degree of success.

employee numbers to 10,000-12,000. But everything else – track maintenance, signalling

renewal, engineering work and tha rest - will be contracted out, with BR's existing staff

competing with the private sec-tor for the work.

Job losses are potentially large: BR employs 40,000 people on track maintenance and

engineering. But Mr Horton is politician enough to duck the question of exactly how many will go: "I am not going to say that's just asking for trou-

The other big change will be

f this begins to sound like the "ampowerment" which Mr Horton so strongly advocated in the past, ha is not about to disagree. I have not fallen in love with committees since I left BP," he says. Nor does it sound as though he is planning any drastic changes in his management style.

If you lead from the front and take difficult decisions, people will say you are arropeople will say you are arro-gant and abrasive, which I don't think I am," he says. "I think my management style is actually highly consul-tative — I really do delegate. But I believe in active leader-

ship and not ducking leadership, and in e complicated ess there is limited ecope for endless debate."

Even so, the bruising circum-Instead, the money will have to come from efficiency gains stances of Mr Horton's exit from BP have left some scars. Ha speaks bitterly of the events leading up to his depar-ture: "I had over 30 very happy and stimulating years in the oil industry. It was hardly my taka an axe to Railtrack's fault that the deepest recession for 30 years was under way."
is this then a new, softer, tated by a lazy, inefficient gentler Bob Horton taking charge of Britain's railway

infrastructure? "Possibly," he says. "Possi-bly, I am very conscious of the fact that I have a lot of learning left to do. Mind you, so has everyone. Wa are et e new

Fading sound of music

Judy Dempsey on why there may be a requiem for one of the world's finest piano makers

here is hardly a musi-cian who does not know about Bech-stein, one of the world's finest planes, whose keys were played by Richard Wagner and Franz Liszt. There is hardly a Berliner who would not demand its rescue as bankruptcy now hangs over the 140-year-old company. Bechstein has had an uphill

by Mr Karl Schulze, regarded as a master piano maker, from the US-based Baldwin keyboard manufacturers in 1985. Mr Schulze had only one aim: to restore tha international reputation of this grand con-

Baldwin had acquired the renowned established family business in the 1980s, and afterwards, the quality of the ptanoa was compromised, experts say. Its infrequent resence on the concert platform seemed to confirm this perception. Before the second world war, Bechstein and Steinway competed with each other to grace tha world's concert halls, Today, about 90 per cent of them are using Stein-

way, followed by the Viennabased Bösendorfer. "Baldwin is a

good American firm. It thought it could sall more planes by capitalising on the name. But each piano has to ba crafted, individually mada. and cared for," said Mr Roger Willson, manager of Whelpdale, Maxwall end Codd, a piano

manufacturer, importer into the UK of

Soon after acquiring Bechstein, Mr Schulze bought new premises in west Berlin, not far from Checkpoint Charlie, the main crossing point between east and west Berlin, and with help of 68 craftsmen, revived traditional plano-making skills. By the early 1990s, the company was making 350 concert grands and 600 uprights a year. Mr Schulze, confident about the future, decided to expand. He bought a small piano factory in Bav-Zimmermann pieno factory in the eastern German state of

ge wrong.

An explanation is offered by Mr Willson. "The recession hit him badly," he said. "You see, about 60 per cent of our sales of Bechstein, and Blüthner, another great German viano manufacturer located in Leipzig, is sold to the older genera-tion. With the fall in housing prices, especially in Britain, people held back. These are expensive instruments." A Bechstein grand costs between DM80,000 (£31,128), and DM100,000, and an upright hetween DM18.000 and

Saxony. Then things started to

DM30,000. As a result of the recession, piano sales in the UK fell last year by 15 per cent, to between 10,000 and 12,000. Worldwide, 680,000 planes were sold, 270,000 fewer than in 1991. Tha market faces growing competition from Japan, and especially South Korea and China, which have exploited the global downturn by offering low prices and somewhat inferior quality. But, when it

which favours European tradi-tion and craftsmanship. Some German bankers say that Mr Schulze expanded at the wrong time. But another factor could be that unlike his competitors, Steinway and Bösendorfer, both of which are owned by US companies, Beckstein has no private backers. "He did it alone. It would be a shame to see Bechstein disap-pear," said Mr Michael Glaze-hrook, director of technical

Because of the recession Bechstein'e bankers, Dresdener and Dentsche Genosse schaftsbank in Berlin, have been reluctant to provida loans of about DM3m to the company, which saw turnover fall hy 15 per cent to DM20m last year. This year tt may be even lower, at DM15m. Without financial backing from the Senate, Berlin's city government or from a consorti bankers, Bechstein could be

forced into liquidation. The irony is that Bechstein's support at a time when other great piano manufacturers, particularly those in east Germany, are slowly re-establish-

ing their repu-tations. These include Blüthmermann, both based in Sax-

fonnded in 1853, and was cart performances hy Felix. Mendelssohn, Arthur Ruhenstein. and Clandio Arran, the latter one of the finest interpret-

oven'e sonatas. Ingbert Blüthner, a direct descendant, managed to bring the husiness back into the family in 1990 from communist state control He began to market the piano again, and opened a workshop to recondition second-hand

"It is difficult, but we are surviving, and we are regain ing our traditional niche in the upper end of the market," said Ms Gitta Grosse, manager of Blüthner's showrooms in Leipzig. "You must remember that we had no chance to comquality parts for our plano under the old system. This has all changed," she added.

"The quality of Blüthner is much better now," said Mr Willson. "It has that lovely soft tone." Zimmermann, which catera for the middle end of the market, has also regained its reputation as a high-quality family piano. But its fortunes depend on the fate

of Bechstein.
"If Bechstein is allowed to fail, it would be very sad. Wa are talking about quality, about a nama, about crafts-manship, which Germany is so good at, and which people still want. The Bechstein is as famous as Berlin'e coat of arms, the bear," said Mr Will-

Steinway'e Mr Glazehrook added: "Some would think we would be delighted to see the end of Bechstein because it would mean less competition. But it's not like that at all. It'a about retaining the continuity of quality and tradition." The Senate, and any prospec tive rescuer, will next week have to decide the price it will

pay for maintaining, or neglecting, that tradition.



Protest: a Shia Moslem demonstrates against Israeli aggression in Lebanon

Islam bas now become the most potent threat not just to Israel, but also to most of the western world. How fully the US accepts this ment may be clearer in the next few days when Mr Warren Christopher, the secretary of state, sets out once more for the region with his

Conservation dependent on right economic focus

From Mr J Hugh Faulkner. Sir, Sustainable development is not conservation for its own sake, as you suggest, ("Clarifying the green agenda" July 21). It is, as the Bruntland Commission says, "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" - surely

a goal we all share. To achieve it, we must use all our resources - finite or not - more efficiently, and less wastefully. To encourage this means costing those resources realistically - including environmental costs - paying those costs and including them in both national and corporate accounts. Economic reforms are therefore the key to more

are the delete the serior mate efficient use of resources.

As you say, "it is a time for priorities". But you overlook a main priority: the urgency for governments to step up their efforts to internalisa environmental costs - specifically through applying economic instruments oo a wider scale, and at a faster pace. They undertook to do this at Rio.

Internalising anvironmental costs will benefit: a) business, by encouraging firms to become "eco-efficient"

- adding value to products, while using raw materials and advantage, improve corporate returns and reduce risk. b) government, as a more cost-effective, flexible and successful alternative to command-and-control c) environment - including

Indeed, because few other, if any, single public policy actions would achieve so many benefits, this should be an item marked "bigh priority for action" on everyone's agenda government, business and environmentalists. J Hugh Faulkner, executive director.

energy more efficiently, and minimising pollution. This in turn will create competitive addressing many of the issues you question as really impor-

for Sustainable Development, World Trade Centre Building, Route de l'Aéroport 10, Geneva, Suntzerland

A blow for compromise and conciliation

Israel's military attacks in south Lebanon have damaged Middle East peace hopes, writes Roger Matthews

lation of the south and making their towns and villages uninhabitable, Mr Rabin is hoping to create such a mass of refugees that the governments of Lebanon and Syria will be forced into taking action against the guerrillas. Israel's prima minister has long believed, along with many of his col-leagues, that force can only be answered by force. He was elected e year ago on the twin pledge of peace and security. He has not delivered peace, so the need to ensure security bas become even more politically imperative. Mr Rabin may also calculate that the risks to the peace process are secondary and containable. He well knows, as do his Arab negotiating partners, that Israel is totally dominant in the region militarily. Since the collapse of the Soviet Union, those Arab countries most opposed to Israel have lost their main military supplier and most constant diplomatic supporter. The risk of a Middle East conflict spilling over into the third

world war has gone.

Israel, meanwhile, has deepened the already close relationship with its most fervent champion, the US. Washington, in its turn, has declared a policy of seeking to deny Iran and Iraq, potentially the two most powerful economic and military powers in the region, the means to develop their influence. Seen from Jerusalem, it

must appear that Israel and the US have the power to dictate events in the Middle East as never before.

It is a view shared by many Arab governments. Syria, Jordan, Lebanon and the Palestinians went to Madrid and the nine subsequent rounds of negotiations in Washington because It was the only formula remaining which might, with US involvement, lead to the return of their land occupied by Israel in the 1967 war, as demanded in two UN resolutions.

hey came to the table essentially as supplicants with liftle to offer, except the prospect of peace treaties. For governments which until recently had beaten the drum of Arab nationalism. Palestinian self-determination, and unending resistance to Israeli ambitions, it was a chastening and potentially bumiliating experience. And the less they achieved, the greater would be the embarrassment of justifying their actions in front of their own

populations. By attacking Lebanon in the manner it has, Israel is seeking to strip the last remnants of their formerly hostile political clothing from them. Syria, and the Lebanese government on which it has such strong influence, are being told by the Israelis to put an end to the military activities of Hiz-

From Sir Alan Walters.

Sir, The economic case argued by the "MIT Six" (Per-sonal View, July 29) for the

burial of the exchange rate

mechanism is as welcome as it is irrefutable.

in changing their views. One of them, Rudiger Dornbusch, is

on record at a G7C meeting only 14 months ago in claiming

that thera was nothing wrong with the ERM that a lira deval-

uation would not cure. The Six

indeed have to explain away their erstwhile support of the

ERM. They thereby assert that the ERM in its early years was

a good system in inducing

reductions in inflation but

somebow it became rigid and

As you know, together with

a very few others, I bave argued that there is no evi-

The Six, however, were late

bollah, the Iranian-supported group which proclaims that it is fighting war of national liberation in south Lebanon. Without the curbing of Hizbollah, the civillans of the south will not be allowed to return to their shattered bomes, and Lebanon's attempts at reconstruction will come to nought. But Hizbollah is more than a guer-rilla movement. It also enjoys widespread support among the Shia community in Lebanon, runs an extensive social welfare programme and won eight seats in the last parliamentary elections. Lebanese ministers are well aware that the only way to reduce Hizbollah's growing influence is by raising the overall economic well-being of Lebanon, a process which Israel has now put firmly into reverse. The parallels with the Israeli-occupied West Bank and Gaza are obvious. There, too, Israel's response to the Palestinian uprising has led to greater economic hardship and an erosion of the popular support for the Palestine Liberation Organisation, which gave its blessing to the peace process, and a political boost to the radical Islamic forces, which oppose it.

For those Israelis who prefer the present situation to the alternative sought by the Arab negotiators, such developments are not unwelcome. It enables them to argue, especially in front of a US audiance, that radical

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ERM: Arguments favour giving priority to

monetary policy and a large realignment

reduced inflation any faster

tban the outsiders, that the ERM was and is inherently

perverse and unstable, and

that the political-market forces would induce the same sort of

rigidity that wa saw in Bretton

All these dynamics, masked until 1990 by exchange con-trols, became quite clear over

the last three years. Black

Wednesday was merely one

culmination; there are others

But what concerns me in the

MIT Six article is the stress

they appear to put on targeting

unemployment - "putting unemployment at the top of

the list [of priorities]". So we may well risk falling out of the

ERM frying pan into a Keynes-

Targeting unemployment, as

to come

dence that the ERM countries | we know from the post-second

world war years, gave us even-

tually even higher levels of unemployment and rampant

Suraly the first priority should be stable monetary pol-

icy, not unemployment. At the

very least a stable monetary policy should save us from the

exacerbations of inflation and recession that we have experi-

enced, either outside or inside

the ERM, by pegging sterling to the D-Mark.

From Professor Antonio

Sir, the MIT professors and

vice chairman and director.

AIG Trading Corporation,

1200 19th Street NW.

Washington DC 20036,

Alan Walters,

prime objective of promoting peace again overshadowed by the need to limit the damage of war. comes to concert grands, the Japanese are up against a bias LETTERS TO THE EDITOR

> Nobel laureates, in their early burial of the European Mone-tary System, reminded me of Mark Twain's quote, "The

announcement of my death is

premature". Although I am not an enthusiast of the ERM, I

was astonished to see no men-

tion of a large realignment as a possible solution to the current ERM crisis.

(presumed) preference for living in a world of fixed, but adjustable, exchange rates, I cannot see what their advo-cacy of a "new EMS" can bring

as new to lay down the step-ping stones of a future interna-

senior country economist, European Bank for Reconstruc-

tional monetary system.

Antonio Marques Mendes

tion and Development

Since I co-share the authors'

Notes for avant-garde ear

From Mr Robin Boyle.
Sir, in his article on the future of the London orchestras (Arts, July 24/25) Sir Alan Peacock asserted derogatorily that "many serious composers of today are not primarily interested in winning over the

But why should they be? Those composers whose works are most likely to stand the test of time are by definition avant-garde in the sense that their unique creativity extends musical boundaries beyond the previous experience of the lis-

ening public.

The 20th century is notable | 3 Queen Square, London WCIN 3AU

first performed, but which have subsequently hecome standard works in the repertoire. If the Arts Council lacks

(and notorious) for the number of major compositions that did

both historical perspective and vision and expects all compos-ers to be user-friendly and market-oriented it will stifle the imperative originality from which great works spring. Robin Boyle, chairman, Faber Music,

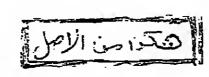
Better deal for small investors From Dr M E R Robinson.

Sir, Lex suggests ("Share-link", July 24/25) that "without further tax incentives from government, the high ideal of a share-owning democracy will remain no more than that".

Perhaps a more effective incentive would be for market makers to reduce their bid-offer spreads? A £1,000 purchase typically returns £725 to

on salling at an

unchanged mid-mice, with 620 to £200 going to the market maker, depending on the liquidity of the security, £50 to the stockbroker and 25 to the government in stamp duty.
If everyone received as little as the government, the small investor would be well served, MER Robinson, 26 Fourfield Close. Grove, Wantage, Oxfordshire 0X12 0NQ



Lloyds ahead 35% to £498m

LLOYDS BANK yesterday disappointed the market with half-year results which showed pressure on retail banking Income from slack domestic loan demand. This was despite a 35 per cent rise in pre-tax profit to £498m, against £369m.

The pre-tax figure was in line with expectations, hut was halped by a higher than expected release of problem country deht provisions of £154m. This made its problem country debt unit the most profitable of the bank's operating sectors. Lloyds nonetheless covered

lts dividend 3.5 times after raising it 12 per cent to 6.6p (5.9p). and Mr Brian Pitman, the bank's chief executive, said it was considering ways to redistribute excess capital as earnings grow.
Mr Pitman said Reuters'

recently announced scheme to spend £350m huying back 5.8 per cent of its own equity was "very intriguing" although he had not yet studied it closely. This was one possibility for handing hack excess

Since Lloyds' failed hid to buy Midland last year, there has been speculation over how lt will spend capital. Mr Pitman said it would have to choose when its ratio of equity to total assets rises from the current 4.4 per cent to 6 per

The hank was affected hy

reducad earnings on UK interest-free deposits. It lost earnings of £39.4m on interest-free funds of £6.4hn as the net interest margin narrowed to 3.97 per cent (4.36 per

This squeezed income in UK retail banking, where it made a profit of £17m (£3m loss). Operating profits fell by 4 per cent despite a 5 per cent reduction in costs, and provisions for bad and doubtful debts fell to £209m (£24tm).

Mr Pitman said this was a "hopeless" return on equity of about £tbn, hut the hank believed it could raise returns substantially as provisions fell hy cutting costs at 1 per cent per year while raising income 5 per cent a year.

Some of Lloyds' ratios were affected by the adoption of an EC directive which requires grossing up of assets, and a new Statement of Recommended Accounting Practice. The hank also adopted the FRS3 accounting standard for the first time.

These changes lowered tha restated tier t ratio of core capital to risk-weighted assets to 6 per cent (6.2 per cent restated from 6.7 per cent). Including unaudited retained profits, the figure would rise to 6.5 per

The ratio of costs to income fell to 65.5 per cent (67.t per cent restated from 63 per cent). The hank's total operating profit before provisions rose hy



Sir Robin Ibbs, chairman of Lloyds Bank: still looking for savings

10 per cent to £632m (£577m restated). But costs rose hy £25m (2 per cent) on exchange rate movements despite a 4 per cent reduction in the number of employees to

Assets grew 7 per cent on the end of t992 to £74bn. Holdings of deht securities rose to £4.7bn (£3.4bn), and the acquisition of the Agricultural Mortgage Cor-poration added £1hm. Customer oans rose marginally to

£39.1hn (£38.5hn). Mr Pitman said the scope for growing domestic loans was limited by the fact that inflation has fallen. He sald the

bank would try to generate added income hy being more imaginative in devising per-

sonal savings products.

Provisions fell 34 per cent to £138m (£209m), as the bank's problem country deht unit made a profit of £178m. Excluding the problem country deht provision release, the charge of £292m was 6 per cent down on the first half of 1992.

Earnings per share rose 43 per cent to 23.5p (16.4p) and net assets per share rose 13 per cent to 232p (205p). The shares closed 25p down

See Lex

Forminster

Midshires acquisition

By Bernard Simon In Toronto

BIRMINGHAM Midshires building society, the 13th largest in the UK, has acquired the bulk of the UK residential mortgage portfolio of Canada's Royal Trust Bank.

The purchase price of £160m is close to the level at which the mortgages are carried on the books of Gentra, RT Bank's Toronto-based parent. Most of the mortgages cover properties in soutbern England.

Gentra, formerly known as Royal Trustco, is selling its operations to Royai Bank of Canada. The proceeds from the UK sale are required to make np a shortfall in the value of loans sold to Royal Bank.

UK residential mortgages and other deal was expected to be finalised next month.

The assets sold to Birmingham Midshires make up abont 40 per cent of RT Bank's real estate exposure. The bank is also trying to sell parts of its UK commercial and retail

property loans. RT Bank, which has had a presence in London for more than 60 years, is unlikely to survive for long as a separate entity. Royal Bank is taking nver its treasury operations and liabilities, while Gentra is shrinking its asset base.

> European Assets Trust

N.V. The net asset value at 30 Jane 1993 DFL 8.31 Approved by Ivory & Sume PLC
A Member of IMRO

Birmingham | Anglia Secure Homes cuts deficit to £2.3m

ANGLIA Secure Homes, the builder and manager of retirement homes, achieved a reduction in pre-tax losses from £5.08m to £2.3m in the six months to end-March.

Turnover improved to £6.76m (£6.57m) including a £2.2m (£2.1m) contribution from Haven Services, 51 per cent owned by Anglia. The pre-tax result was after a fall from £1.81m to £508,000 in exceptional costs and reduced interest payments of £748,000 (£1,31m).

Losses per share fell to 7.2p (15.4p) and there is no dividend. Anglia last paid a dividend in respect of the year to September 1989. Its share price

March that year, hefore a collapse in demand for housing. The shares closed unchanged at 6p yesterday. However, Mr Peter Edmond-

son, chairman, said that prices do appear to have reached their floor". Average prices on the 61 units sold in the six months were £61,000 (£60,000). He said that five projects to

develop and operate nursing homes were underway with Haven Healthcare Holdings, in which Anglia had a 28 per cent stake. The group was in discus-sions with its principal bank ers to separate its property assets and associated debts from the Haven operations, on which the group had pinned Its future hopes, he added.

moves ahead to £2.21m

Forminster, the clothing manufacturer for mail order and chain stores, lifted pre-tax profits from £2.1tm to £2.21m in the year to April 30, Turnover rose to £23.8m against

to expand, said Mr Ronald Gulliver, chairman, despite diffi-cult trading conditions and the recession. While continuing to manu-

facture in the UK, the company was also developing its imports side, he said.

After an unchanged tax charge of £725,000, earnings per share worked through at 53.79p (46.7p) and the proposed final dividend of 10.04p (8.75p) lifts the total for the year from

Gentra sald it was negotiating the sale of the rest of its Europa Minerals in merger talks

By Kenneth Gooding, Mining Correspondent

EUROPA MINERALS, a small UK mining finance house, is having negotiations about a three-sided merger with Burmine and Austmin Gold, two Australian companies with which it is already closely involved.

in addition Mount Edon, another Australian concern, had made an approach which might lead to an offer.

Europa's two independent directors, Mr Campbell Douglas and Mr Peter Ronayne, are backing the merger with Burmine and Austmin. An independent review of asset values is to be made hefore formal terms are announced, but they are likely to involve shareholders receiving

one Burmine share for every two Europa.

With Burmine's shares at A\$1.90 (85p) each this indicates a value of about 42p for each Europa ordinary and £t0.3m for the company. The Europa price slipped 2p to 35p immediately after the news. It has been as low as 3p in

the past year and in June 1992 only t6 per cent of a rights Issue of shares at 5p was taken up. Trading is expected to begin again today in Australia in both Burmine and Austmin shares which were suspended after a previous announcement that the three-way restructuring

Mount Edon, a small Australian mining company backed by Swiss money, said It had bought another 10 per cent of Europa, taking its interest to 18 per cent and that it might make a share or cash offer, or a combination of the two, for

Mount Edon is understood to have paid a maximum of 33p each and to have indicated it might bid 34p.

Europa's principal investments are oil and gas royalties and 41.8 per cent of Burmine, a gold producer in Western Australia.

Austmin, an exploration company, owns 19.8 per cent of Europa. Burmine would also offer one share for every 11 Austmin, but this would exclude Austmin's t8.t per cent stake in Consolidated Exploration.

Europa's independent directors argued that the merger would enable the complex sharehold-ings to be simplified. They also considered that the group's combined strength could be more easily recognised by the market and provide a foundation for future growth.

Under the proposals Europa and Austmin would own 20 per cent and 7 per cent respec-tively of Burmine. These cross holdings would he placed to raise additional cash for the enlarged group which would have a market price of about A\$62m.

hire side to Hewden Stuart

By Catherine Milton

HEWDEN STUART, the plant plant, a general plant and tool bire husiness, from BET for £10.8m in casb

The deal is being partly financed through a placing, organised by James Capel, to institutional sharebolders of 6m new ordinary shares each at a price of 119p. The shares closed up 21 p at 121p yester-

Hireplant has soma 400 employees, operates 24,000 tems of plant and has its head office near Oxford. It is an amalgamation of the general plant and tool hire activities of BET, the husiness services company, which until ahout two years ago traded under their own names.

Hewden Stuart will acquire the 29 freehold properties and 10 leasehold properties through which Hireplant operates. Its depots are spread thronghout the UK, although many are located in the Midlands and south of

England. Five are in Scotland, under the name of Boh Tait Plant, which has a separate opera-tion with its own head office. Correct hudgets of Hireplant, for the year ended March 31t994, estimate turnover of £16m and a trading loss of £500,000.

SEET reduces losses and borrowings

SEET. the textiles company. cnt losses from £370,138 to £60,840 in the year to April 30 and Mr Jock Mackenzie, the chairman, reported that the company's financial position had also strengthened materi-The company had continued ally in the period.

This improvement had arisen from the settlement of the Homemaker action in June last year, the sale of Kenneth Mackenzie in November and the settlement of a professlonal negligence claim in April this year.

As a result of the sale of Kenneth Mackenzie Holdings for £1.25m last October and the receipt of money from the US following litigation there, group net borrowings at the year end were reduced from almost £2m to under £300,000. and since then there had been a further improvement.

Mr Mackenzle said all operations were now trading profitably.

Turnover for the year was £6.5m (£7,14m), Losses were struck after exceptional credlts of £333,031 (£50,592) and net interest payments of £148,853 (£218,660). Losses per share came to 1.8p (9.07p).

Unilever expands German operations

Unilever is to expand its hakery raw materials activities in Germany. It has agreed with Diamalt in Munich and BM Backermuhlen in Stuttgart to take over Diamalt's interests in haking products and malt extracts, supplied to bakeries and the bread products industry.

The deal, which requires Bundeskartellamt approval, is expected to become effective on October 1. The company said the consideration was not significant in relation to Unilever's assets.

Refinancing deal secured for FNFC as losses fall funds. In return, FNFC has the banks largely through

By Peggy Hollinger

FIRST NATIONAL Finance Corporation, the consumer credit group which earlier this year found itself in breach of hanking covenants, has narrowly avoided collapse by clinching a refinancing deal for its £1.1hn debt owed to 107 international banks.

Had the refinancing not been agreed, the group could have been forced to call in administrators. This is the second time in 20 years that FNFC bas come close to collapse. It was rescued hy the Bank of England after the hanking crisis in the mid-1970s.

The deal was finally signed late Thursday night, after the company gave written assurances to a US bank that all creditors would receive equal treatment. Agreement opened the way for FNFC to resume dividend payments after two years and report its interim results, showing a reduction in pre-tax losses from a restated £39.6m to £3.35m for the six months to April 30.

FNFC has won a five-year hreathing space for repayment of its £1.1hn deht. The banks are not providing any new

agreed to wind down the lossmaking First National Com-mercial Bank, which provides term lending to property orientated businesses. It has also agreed to tighter covenants on gearing ratios.

Mr Tim Ingrams, finance director, said the deal put the company on a firm financial basis. Borrowing costs were expected to he 0.8 per cent higher.
The group's difficulties stem

from the breach of one covenant in 1988 which was discovered this year. This related to a han on loan guarantees between subsidiaries and the parent. Cross default agreements maant all creditors could call for immediate repayment of dehts when it was discovered that this ban had been hreached. Although FNFC had not defaulted on its repayment obligations, discovery of the hreach following two years of heavy losses is thought to have made creditors nervous.

FNFC's debt can be split into three parts - loans to First National Bank of £788m, loans to FNCB of £238m, and loans to the parent of about £90m. The group intends to repay

main nperating subsidiary, FNB. This, in effect, means packaging parts of the loan portfolio and putting them into an off balance sheet vehicle. This then raises cash by issuing notes to investors.
Part of the refinancing agree-

ment calls for 90 per cent of First National Bank's future business to be "securitiseable". FNCB's debt will be repayable as its loan book is run down. Loans to the parent will be repaid with cash from January's £45m rights issue and

property sales. Costs of negoti-ating the refinancing are expected to be about £5m. In its results, prepared in accordance with FRS 3, the group declared a dividend of 0.5p. Mr Ingram said that restrictions on pay-outs by subsidiaries to the quoted parent meant there would be no great increase in dividends from FNFC for a few years. Losses

per share fell to 2.5p (21.7p). FNFC's core consumer credit husiness showed a £10.4m profit (£12.8m losses). Commercial lending, earmarked for closure, incurred heavier losses of 26m (£5.5m).

Wolstenholme Rink expands in resins

WOLSTENHOLME Rink, the printing industry supplier, has hought the varnish and resins division of Leon Frenkel, a privately-owned company in Kent, for £3.93m

An initial payment of £3.15m will he satisfied by the issue of 350,000 shares at 460p and £1.54m in cash. The shares have been placed by Cazenove and Henry Cooke Lumsden, the placing heing underwritten hy Cazenove,

The final £775,000 will he paid after Frenkel has moved its other husinesses, involving the mixing and bottling of cooking and salad oils, from the building which houses the varnishes division and is expected to he made within two years. The sale proceeds will be used to finance the move to a new factory near the

In the year to the end of October 1992, the resins and

Cheltenham &

advances 71%

Gloucester

existing site.

"We are huilding a portfolio of closed unchanged at 475p.

Cheltenham & Gloucester, the sixth largest building society, disclosed a 71 per cent rise in pre-tax profits from £44.1m to \$75.3m in the six months to June 30 after provisions for bad and doubtful debts eased. Provisions fell to £75.3m

(£98.5m) as the society did not have to repeat provisions made last year to cover commercial lending and inherited loans from its merger with the former Portsmouth Building Soci-

The society's assets rose by 2.5 per cent to £t6.5bn (£15.3bn) as mortgage lending rose 4.6 per cent to £1.1bn helped by fixed rate products. However, the society predicted that lending for the year would he down on t992.

Mr Andrew Longhurst, chief executive, said it was "a solid performance in a sombre market". The society discloses halfyear results hecause it has issued permanent interast-

The company has reduced its

pany is still dependent on the

continued support of its bank-

Net earnings of Kleinwort High

Income Trust for the year

ended June 30 dropped from

£2.59m to £2.37m, equivalent to 7.89p (8.64p) per share.

The fourth quarterly divi-dend is 1.875p (same) for a maintained total of 7.5p for the

were 10.1p (21.5p).

Income lower

Kleinwort High

Turnover grew to £2.74m

profits of £161,000 on turnover of £5.7m out of group profits of £755,000 and turnover of The acquisition continues Woistenholme's policy of mak-

varnish division made pre-tax

ing acquisitions geared to international expansion, which began with its takeover of PCO, the Netherlands-based speciality chemicals group in Varnishes, and the resins are

used to manufacture them. make up the liquid element of printing inks and the purchase completes a vital plece of the printing products jigsaw for Wolstenholme. Mr Tony Rink, Wolstenholme's joint chairman, said:

products that we can sell to the international print ink Wolstenholme's share price

John Lusty losses grow to £2.25m

JOHN LUSTY Group, the USM-quoted food manufacturer formerly known as Dumas Group. reported pre-tax losses np from £970,000 to £2.25m for

E G

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the year to January 31. Turnover for the year rose slightly, from £8.62m to £8.68m. Of this, continuing operations were responsible for £7.94m (£7.7m). Losses per share were 19.38p (15.34p).

Mr David Hamp-Adams, who took over as chairman after the company's restructuring and name change in February this year, said discussions were under way regarding the sale of Bender and Cassel, which no lunger fitted with the group's core activities.

The restructuring of the group had already begun to pay off, he said, and despite poor trading conditions, its future now looked more secure than it had for some time.

LONDON RECENT ISSUES EQUITIES Ansist Lutest 1993 Park Remove High Love

W38 28 24 129 W55 19 25 168 - 44 M7.2 Kerry Sep A Kalamari Escry Micks 630.1% FIXED INTEREST STOCKS

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pm Price at a precious. Three others to public. For other notes please reter to the Guide to the Landon State Sensice.							
TRADITIO	ONAL OPTIONS						
First Dealings July Last Dealings Aug. Last Declarations Oct. For settlement Now. month call rate indications sown on page 11. sits: Argyll, Densitron, Fairheye	26 Ferranti, Glenchewton, Kalemazzo, 2 Misya, NMC, Ratners, Shendwick 20 and Sharelink, Puts: Densitron, 2 Misya, NMC and Unichem. Puts 8 Cells: Ferranti, Hanson Wts. and						

MONTHLY A	ERAGES C	F STOC	K INDICE	3
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FT-SE Actuaries Indices				
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Industrial Group		1434.0		1409
500 Share	1430.61	1445.43		1432.7
Financial Group	1521.62	1539,22	1522.69	1522.3
All-Share	1074.45	1046,34		990.4
	1413.38	1412.94	1397.1n	1393.7
Eurotreck 100	1226,39	1183.38	4440.00	
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Government Securities				-
Fixed Interest	98.10	95.90	94.84	96.2
Ordinary	116.75	112.70		1122
Gold Mines	2242.4	2249.2		2213
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was a possibility.

FUTURES PAGER

NOTICE OF REDEMPTION To the Holder of NORWEST CORPORATION U.S. \$100,000,000

NOTICE IS HEREAY GIVEN THAT, pursuant to the provisions of the Indenture dated as of April 30, 1986, between Norwest Corporation and Rankers Trust Company, as Trustee, the Company has elected to redeem all of the outstanding Floating Rate Subordinated Capital Notes due April 30, 1998 at the Redemption Price of 100% of the principal amount on the next Interest Payment Date, October 29, 1993 (the "Redemption Date"). The Redemption Price will be due and payable on each Note on the Redemption Date, and interest thereon shall cease to accrue on and after the Redemption Date.

Floating Rate Subordinated Capital Notes due 1998

Payment of the Redemption Price will be made upon presentation and surrender of the Notes, with all unmatured coupons attached, at the offices of any of the Paying Agents listed below: Bankers Trust Company
1 Appold Street
2roadgate
London EC2A 2HE 2 Boulevard Royal L-2953

Banque Indosuez - Belgique S.A. Place Sainte-Gudule 14 1000 Brussels Belgium Swiss Bank Corporation CH-4002 Bask

Accrued interest due October 29, 1993, will be paid in the norm against presentation of Coupon No. 15 on or after October 29, 1993. The Notes will no longer be deemed outstanding on and after October 29, 1993 and all rights with respect thereto will cease, except only the right of the holders to receive the Redemption Price.

Dated: July 31, 1993

NORWEST CORPORATION

Oy: Bankers Trust Chrapany. 48 Trustee

Warburg buys more **BT** shares

SC WARBURG, global co-ordinator of the British relecom public offer, has paid £384m to huy an additional 91.5m shares from the government to meet international demand. The purchase, at the offer price of 420p, puts the number of shares taken by foreign Investors up to 579.5m, against 732m sold in the UK public offer.

The total number of British Telecom shares sold hy the government now comes to 1.31hn. Warhurgs said that although the purchase marked the end of the 30 day stabilisation period, at no stage had there been a need to support the share price.

Radiant Metal loss deepens to £112,784

Increased pre-tax lossas of f112,784 were announced hy Radiant Metal Finishing, the electroplating, metal finishing and property group, for the year to Fehruary 28. Losses last time were £94.505.

Turnover slipped to £748,299 against £807.571. Trading losses were £128,551 (£94,121) while investment income amounted to £15,767 (£384 payable).

NEWS DIGEST

Start-up costs hit Zetters

The start-up costs for a division to supply telephone-interfaced information technology was the main factor hehind a fall in pre-tax profits from £1.04m to £880,000 in the year to March 31 at Zetters

The costs led to increased operating losses of £155,000 (£2t,000) in the competitions and marketing activities. The profits from pools fell to £812,000 (£844,000) after lower interest received.

Croup turnover was £22m (£22.9m) of which pools provided £21.5m (£22.4m), Earnings per share were 8.9p (10p). An unchanged final dividend of 4p is proposed for a maintained total of 8p

£405 368

ing operations.

Heritage recovers to £115,000

12 months to April 30. Continuing the recovery seen at the interim stage when workforce substantially and closed its sales office in profits were £53,000 the year-Andover, Hants. Current conend figure was £1t5,000. tracts are such that Standard against losses of £177,000. has a backlog of over £400,000 Turnover was £11.6m (£11m).

and since most of this work will not be invoiced until the Since the end of February husiness confidence and connext financial year, the comsumer demand had improved and in the present period sales were ahead of last year. Earnings per share were 2.14p (losses 3.29p). (£1.61m) while losses per share

Standard Platforms reduces deficit

Standard Platforms, the USM-quoted computer bardware and software group, cut pre-tax losses in the year ended March 31 from £847,471 to

The latest result was struck after £98,000 provisions for the costs of restructuring continu-

DIVIDENDS ANNOUNCED								
	Current Date of payment		Corres - ponding dividend	Total for year	Total last year			
FNFC	0.5	Sept 3	nlf		nıt			
	10.04	Sept a	8.75	14	12.53			
Lloyds Bankint	6.6	Oct 14	5.2	-	18.4			
Zettersfin	4	Oct 4	4	a	2			
	FNFCint	Current payment FNFC int 0.5 Forminster fin 10.04 Uoyds Bank fint 6.6	Current Date of payment	Current Date of payment Date of ponding dividend FNFCint	Current Date of ponding for payment Date of ponding dividend year FNFCint 0.5 Sept 3 nit Forminsterint 10.04 Sept 2 8.75 14 Lloyds Bankint 6.6 Oct 14 5.8 -			

2926.5 (30th) 3906.5 (30th) 1464.0 (30th) 1448.78 (30th) 2317.6 (30th) 2814.1 (21st) 3195.4 (21st) 1409.4 (21st) 1396.75 (21st) 2218.8 (18th)

ECONOMIC DIARY

TODAY: Mr F.W. de Klerk, South African president, pays visit to Zambia, opens trade fair and talks with Mr Frederick Chiluba, Zambie's president. Mr Warren Christopher, US secretary of stata, visits Egypt at start of Middle East tour. Russian parliament in session in Mnscnw. Mr Paddy Ash-down Liberal Paragraphic down, Liberal Democrat leader. visits Bosnia, Serbia and Croa-

TOMORROW: Congress due to begin debate in Lima on referendum law in preparation for referendum on Peru's proposed constitution.

posed constitution.

MONDAY: Cyclical indicators for the UK economy (July - first estimate). US construction spending (June): NAPM (July). Launch of Bullding Material Producers construction industry forecasts Interior estate. try forecasts. Interim state-ments from Abbey National

and BBA Group. TUESDAY: Major British bank-Ing group's major extish bank-lng group's mortgage lending (second quarter). Major British banking groups' quarterly anal-ysis of lending (second quar-ter). UK official reserves (July). Monetary statistics (including bank and building society balbank and bullding society bal-ance sheets; bank and bullding society sterling; lending and M4 quarterly sectoral analysis) (June); M0 figures (June/July). Bill turnover statistics (June). Sterling crimmarcial paper (June). Money market statistics (June). London sterling certificates of deposit (June). Provisinnal analysis of bank lending for house purchase (second quarter). US leading indicators (June). Interim statement from National Westminster Bank, Charter Consolidated holds

annual general meeting. WEDNESDAY: Overseas travel and tourism (May). Housing starts and completions (June) Advance energy statistics (second quarter). Interim statement from Midland Bank THURSDAY: Details of

emplayment, unemployment, earnings, prices and other indicators. Balance of payments advance annual estimates. (1992). US fectory orders (June), Interim results from Barclays Bank, Reed International, TI and BP. FRIDAY: Insolvency statistics (second quarter) from the Eigh-

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her Sans (IN)	99.17	98.57	98.47	97.94	98.15	88.31	99.17	93.28
hed beened	118.73	112.13	117,61	117.34	117.20	105.14	118.73	108.67

COMMODITIES

WEEK IN THE MARKETS

Gold breaks through \$400 barrier

THE BUNDESBANK this week inadvertently succeeded where international speculators had repeatedly failed - by pushing the gold price through the psychologically-important \$400-atroy-ounce barrier.

In response to the foreign exchange turmoil caused by the crisis into which the German central bank's refusal to cut its discount rate had precipitated the European Community's exchange rate mechanism, the price of the yellow metal - a traditional haven for money in times of currency uncertainty - leapt \$11.65 to a post-Gulf War high of \$405.75 an ounce on London bullion

Yesterday's rise built on earlier gains reflacting concern about last weekend's violence in South Africa, the higgest gold producer, and the publica-tion of a series of strong US economic indicators. But these factors had never threatened to lift the market out of lts \$388to \$395-an-ounce range, let alone to encourage a fresh assault on the \$400 mark.

Attempts to clear that hurdle two and a half weeks ago faltered in the face of stiff overhead resistance and the dispirited bulls allowed the price to settle back into its restricted range. But they had not aban-doned all hope and this week's ERM crisis provided just the excuse they had been looking for to renew their efforts.

The silver and platinum markets joined in the fun, the former ending 37 cents up on the the later \$9.45 up at \$413.60 an

At the London Metal Exchange, meanwhile the exchange authorities stepped in to stop the fun some copper market operators are suspected

of having in recent weeks. After expressing concern two weeks ago about technical suping for the September-early October period, Mr David King, the chief executive, reacted this Thursday to continuing signs of market manipulation with a stern warning that the exchange "will not hesitate to take such steps as are deemed necessary in the light of any changing situation".

The authorities concern was caused by a growing premium being charged for September delivery over the three months \$17 a tonne. Such a situation -known in the trade as a "backwardation" because it is a reversal of the normal situation where forward positions command premiums over nearbys - is usually associated with supply tightness, an explanation that hardly applies at the moment, with LME warehouse stocks close to a 15-

year high.

The guilty parties seemed yesterday to be paying little heed to Mr King's warning; the Saptember-Octoher premium had narrowed by only \$1 a tonne by the close. And in defiance of the clearly baarish fundamentals the three months position edged up another \$1.50 to \$1,967.50 a tonne, up \$56.75 on the week,

while cash metal was up \$10.50

on the day and \$61 on the week yesterday, before closing at at \$1,971.50 a tonne.

The nickel market's fundamentals are still more bearish - LME stocks have reached a record 101,568 tonnes - and there has been no attempt to defy them. This week saw a technical rally from the sixyear lows reached on Monday, but that ran out steam yesterday, when the three months price fell back by \$87.50 to \$4,940 a tonne, up \$30 on bal-

The tin market had few friends as the recent gentle downtrend in stocks was

LME WAREHOUSE STOCKS

torines	o Coodi	
Aluminium	+9,700	to 1,948,808
Copper	-1,876	to 463.250
Lead	+1,950	to 272,500
Nickel	+1,179	to 101,568
Zinc	-2,900	to 715,300
Tin	+440	to 20,915

reversed and demand remained slack. The three months LME price closed yesterday at \$4,887.50 a tonne, down \$57.50 year low.

The mood of the coffee market was altogether more cheerful. Although the Brazilian frost scare that pushed the London Commodity Exchange's September robustas position above \$1,000 earlier this month had all but faded from traders memories. increasing faith in producers' determination to make their export retention scheme effective kept the market on the uptrend. The September futures price touched a sevenmonth high of \$1,044 a toone

\$1,037 a tonne, up \$44 on the

As Latin American producers met in Rio de Janeiro this week to thrash out details of the cartel through which they plan to operate their agreed 20 per cent retention of scheduled exports, coffee traders continued to withdraw from the scep ticism with which they had ini

tially greeted the scheme. "The retention scheme is now almost a fact of life," one trader told the Reuter news agency. "The only thing now is how long it's going to last and what will be the effect."

Having accepted that the Latin Americans mean what they say the coffee market is looking with growing interest towards their meeting next month in Kampala, Uganda, aimed at agreeing a co-ordi-nated retention plan. Mr Arega Worku, scecretary-general of the Inter-African Coffee Organlsation, said yestarday that ministers from African produc-ing countries, Brazil, Colombla, Indonesia and Central America would meat on August 16 and 17. He said the scheme should be in place the

keting season on October 1. The coffee retention plan has been well-timed, according to the latest coffee report from E.D & F. Man, tha London trade house, "Producer stocks are low and exportable production is around or below annual international demand, which we estimate at some 74m

				F	-AC	TUAR	IE	S FIXED I	NTERES	T IN	DICES	5					
		PRICE	MDICES					AVERAGE GROSS REDEMPTION YIELD	5	Fri Jul 30	Thu Jul 29	Year ago (apprent.)	High	-	993	Lon	,
		Fri Jul 30	Change Day's	Tal 19	Accrused Interest	1993 to date		British Government Low Coupons	5 years	6.62 7.62	6.70 7.68 7.83	8.61 8.92	7.22 8.37	29/4 12/1		6.33 7.54	19/2 18/3
	British Government Up to S years (25) 5-15 years (27) 3 Over 15 years (9) Irredeemables (6) All stocks (63)	128.18 151.91 166.90 191.64 147.62	+0.32 +0.63 +0.67 +0.86 +0.54	127,75 150,97 165,80 190,01 146,82	1.22 1.79 1.52 2.49 1.56	7.35 8.07 7.18 7.35	5 5 7 8 9	10%-754% Medium Compone 18%-1044% High Compone 11%-1 Intercentables Flat Viet	20 years	7.77 6.76 7.73 7.82 6.97 7.97 7.99 7.92	7.83 7.80 7.88 7.08 8.05 8.05 7.99	8.92 9.50 9.13 9.05 9.72 9.35 9.24 9.13	8.64 7.56 8.83 9.05 7.78 9.11 9.20 9.05	20/1 11/1 19/1 20/1 11/1 20/1 20/1		7.77 6.73 7.33 7.82 6.89 7.97 7.99 7.92	30/7 15/3 30/7 30/7 8 /3 30/7 30/7
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Wouldn't you like to talk to the people who make the world go round?



The IMF/World Bank maetings in Washington this September hold a special interest for top dacielon

Today they have to think beyond national borders and take account nf global issues. And they will look to the Financial Times for the most authoritative reporting of events as they unfold in Washington. The Financiel Times IMF/Warld Economy and Finance Survay will be published on Friday,

Suptember 24 to coincide with the Washington meetings. It will deliver a unique opportunity for advertisers in speak directly to a very select group of people. To ensure your message is not lost please telephone Hannah Pursail in London +44 (0) 71 873 4167 or your usuel Financial Times representative.

FT. IMF/World Economy and Finance Survey.

Lloyds Bank results for the first half of 1993

"Pre-tax profits rose by 35 per cent to £498 million and we have increased the interim dividend by 12 per cent. The results were helped by a further improvement in our problem country debt portfolio, and all our main businesses showed better profits.

I have been encouraged by the recent trends in several economic indicators. There are signs that credit quality is improving and our prudent provisioning should strengthen future earnings. We are well placed to support our customers and to benefit from economic recovery

Sir Robin Ibbs, Chairman

	Hali-vear to 30 June 1993 tunaudsted) Em	Half tear to 30 June 1942 Em	Hali-year to 31 December 1992 Lm
Profit before tax	498	369	432
Tax	156	123	157
Profit after tax	342	2-16	275
Minority interests	43	40	40
Profit attributable to sharehnlders	299	206	235
Dividends	84	75	158
Pnst-tax return nn average shareholders' equity	21.3%	16.4%	17.7%
Earnings per share	23.5p	16.4p	18.6p
Dividends per share	6.6p	5.9p	12.5p

Financial information for the year ended 31 December 1992 is based on the statutory accounts for 1992 which have been delivered to the

An interim dividend of 6.6p per share will be paid on 14 October 1993 to shareholders registered on 12 August 1993. Shareholders will be offered the choice nf taking ordinary shares instead of the cash dividend.

Copies of the news release may be obtained from Finance Division, Lloyds Bank Plc, 71 Lombard Street, London EC3P 3BS. Telephone: 071-356 1275.



THE THOROUGHBRED BANK.

provisions

BHF-RANK yesterday reported

a jump in earnings for the first helf of this year, but also

provisions to take account of the poor state of the

The Frankfurt-based mer-

chant bank's group operating

profits were 23 per cent higher during the six months, et DM148m (\$86.8m). This was

after setting aside DM67m

against bad loans, np from DM58m in the same period of

Partial operating profits, which exclude earnings from

the bank's trading on its own

account, were up 25 per cent to DM167m.

Like Commerzbank, which

this week reported a 16

per cent increese in

was feeling the effect of Ger-

By Andrew Fisher In Frankfurt

Microsoft estimates batter shares

SHARES of Microsoft, the world's largest computer soft-ware company, dropped sharply yesterday as analysts cut their estimates for fiscal 1994 earnings.

Microsoft was trading at \$73%, down \$5% from Thurs-day's close, at midday. The fall followed a meeting with analysts at the company's

Redmond, Washington, head-quarters where Microsoft warned of slower growth in We are planning for growth,

but we do not expect to maintain the 36 per cent revenue growth rate we achieved in fiscal 1993," said Mr Mike Brown, treasurer. First-quarter revenues may be lower than the \$1bn recorded for the fourth quarter of fiscal 1993, he added. Microsoft, which is under investigation by the US Federal Trade Commission for alleged anti-trust violetions, stressed the competitive pres-

sures it faced in several segments of the software market. However, the company also boasted it had overtaken competitors in the markets for spreadsheets and word processors used with the Windows

operating system.

Over the past five years,

INTERNATIONAL Business Machines has set up a committee of non-executive directors with responsibility for corporete governance issues. such as the appointment and powers of writes Richard Waters in New York. wers of directors

The move was seen as a further attempt by Mr Lou Gerstner, IBM chairman, to ease shareholder concerns over the composition of the struggling computer group's board. Mr Gerstner indicated at the time of his appointment in April that the make-up of the board would be reviewed to ensure it was "relevant, appropriate and evolving".

The committee is chaired by Mr James Burke,
a former chairman of Johnson & Johnson and

Microsoft's revenues have grown at an average annual

rate of 46 per cent. However, Microsoft executives high-lighted several market trends that may dampen the company's growth rate this year. to new product cycles. Mr Steve Ballmer, executive vice-president, said much of the growth of Microsoft's sales had been driven by a transition MS-DOS, an older PC operating system program. With 30m copies of Windows already in

use, and sales running at 1.5m copies per month, the transi-tion period would be completed Mr Ballmer suggested Microsoft's future growth rate would more closely reflect growth in the PC market, which analysts

said the company expected more than half of 1994 revenues to come from products introduced during the year, warning that earnings were becoming increasingly linked

Pricing pressures, particularly in Europe, could also slow revenue growth, Mr Ball-mer warned. He said Microsoft's competitors were "being increasingly aggressive in pricing". Although PC software companies seldom drop the list prices for products, the effec-tive selling price is often reduced by so-called "competitive upgrades", discounts offered to users of a rival prod-

The price pressure is "most extreme" in Europe, he said. Lotus Development in particular was offering products at

head of the committee of non-executive directors which picked Mr Gerstner to head IBM earlier this year.
Mr Burke, an IBM director since 1980, is

joined in the committee by other long-standing IBM directors, including Mr John Opal, e former chairman. Mr Charles Knight, chairman of Emerson Electric, who was appointed a director last Tuesday, is the only member of the five-man committee not involved with the pre-Gerstner

regime et IBM.

The board will be responsible for nominating directors for appointment and "all other issues of corporate governance", IBM said.

"close-to-cost" prices. Microsoft was "not willing to lose market share. That will guide our pricing actions," Mr Ballmer said . PC manufacturers are increasingly bundling Microsoft Windows and other softwere programs with their prod-ucts, Mr Ballmer noted. This could also have a dampening effect on revenue growth, although such sales are more

profitable for the software company, he sald. • The US Justice Department is to review documents from the US Federal Trade Commission's anti-trust investigation of Microsoft, according to a report in the Chicago Tribune. The review signals the department may take up the case, following two deadlocked votes by the FTC on whether to file a

complaint against Microsoft. many's weaker economic per-Both banks, however, expect continued profits growth this year. Commerzbank reduced its loan-risk provisions by 20 per cent to DM831m. It said most of this related to domestic lending, with the recession having a serious effect on Ger-

man industry.

Total lending by Commerzbank remained at around the end-1992 level dne to lower credit demand from companies and the bank's selective approach to

lending.
The latest round of German bank results are the first to include details of theli financial precantions against had and doubtful debts. Deutsche Bank has already

reported a 13 per cent rise in operating profits, to DM2.6bn, the comparison being with a half of the full 1992 result. The decision by German

banks to release more details of their bad-loan provisions anticipates a new EC directive requiring greater disclosure for the full 1993 accounting In Dentsche Bank's case,

risk provisions in the first half were np from DM955m to DM1.38bn

One of the driving forces behind Commerzbank's profits rise was a sharp rise in commission income, np by 23 per cent to DM869m. The increase US\$650m in a 1986 leveraged purchase from Philips will give and pre-tax profits ahead 5.1 issue last year that it would was also assisted by 22.3 per reflected a steep rise in securities commissions, the bank buy-out. Later, Zale and Peodecide Peoples future unless a reflected a steep rise in securi-

BHF-Bank India gets a taste of the jumps 23% Creat World colo battle despite rise great world cola battle rat, currently franchised to in bad loan

NDIANS have done with-out the real thing for 15 yeare. Most have done without any soft drinks at all, with average consumption now at three bottles per person per year compared with 700 in the US.

However, Coca-Cola, Pepsi and local manufacturers are entering battle for domination of an already intensely competitive Rs7.5bn (\$240m) market which, some believe, will expand fourfold in the next five years.

The government, which is seeking foreign investment as part of its economic raform programme, decided recently to allow Coca-Cola to re-enter India, after having expelled it in 1978 in a drive to reduce the role of multinationals in the Indian economy.

Coca-Cola has decided not to

go it alone, despite having government approval to set up a 100 per cent-owned venture. The Atlanta-based company will tie up with Parle Exports which dominates the Indian soft drinks market with a 60 per cent share.

group operating profits to DM392m, BHF-Bank said it Pepsi-Cola International, Coke's arch rival around the world, has built up an impres-sive 30 per cent share of the soft drinks market since its entry two years ago, albeit without using the Pepsi name and operating under several other government-imposed lim-

> Last week, it stepped up its campaign by announcing lt would buy out Voltas Limited, its primary equity partner, to double its stake to 92 per cent in Pepsi Foods Limited, its food

and beverage joint venture. Pepsi's buy out will mean greater control of its manufacturing operations in the key markets of Bombay and Guja-

Voltas, a trading, agrobusiness and engineering company owned by the Tata group. Pepsi executives blame Voltss for Pepsi's inability to make a dent in the Bombay

region, which accounts for nearly 15 per cent of the over-

all market.
In Bombay, Pepsi and Voltas
were taking on Mr Ramesh
Chauhan, India's cola king,
who heads Parle. He has man-

Shira Sidhva finds Pepsi and Coke muscling in for their share of the country's fledgsofts drinks market

aged to make Thums Up a generic name for cola in India. Thums Up, which accounts for 40 per cent of Parle's soft drink sales, used lifestyle advertising similar to Coke's "Can't Beat the Feeling" 1980s campaigns. The company spent Rs70m on its advertising blitz last year.

A Parle executive describes the battle with Pepsi as a "noholds-barred, on-the-streets fight - purely a marketing game". However, a marketing man-

ager at Pepsi retorts with: "We were fighting with our hands tied." Government restrictions on Pepsi forced the company to use an indigenous brand name ("Lehar", meaning "wave") and subjected soft drinks sales to a celling of 25 per cent of the company's annual turnover.

The company says: "We will now apply to the government to be treated on par with Coke, and the Pepsi brand name will be introduced soon."

Coca-Cola and Parle will

With RVI is

form two joint ventures, one for bottling soft drinks (Parls owns two bottling plants in Bombay and Delhi and has 60 franchised bottling plants across India), and the other for marketing the brands of both

Parle will receive compensation from Coke for putting into the joint venture its successful brands Thums Up cola; Limca, a clondy lemon drink; Gold Spot, orange; Citra, clear lemon; and Masza, a mango fruit drink.

Pepsi believes Parle'a tie-up with Coke will mean that Coke and Parle's brands will jostle for the indian cola market to the benefit of Pepsi. "We have dealt with Coke in 152 countries, so we know precisely what we are in for now," says

a Pepsi executive.

Pepsi plans to invest Rs9bn
in India, mostly in the soft drinks business.

Sales of its cola have grown 33 per cent in 1992, and are up an additional 24 per cent through the first half of this year. The company believes market share will increase once Pepsi is allowed to use its global brand name:

Mr Chauban, however, has a well-entrenched marketing and distribution network, which he had stubbornly refused to share with a foreign company. even a month ago. "Lots of people ask us what we will do to counter Coca Cola," he had said. "We are the market leaders and it is for the new entrants to work out a strategy

Nokia buys **Philips** cables unit

By Christopher Brown-Humes

NOKIA, the Finnish electronics group, is buying the telecommunication cables business of the Dutch group Philips. The move considerably atrengthens the Finnish group's position in the German

The purchase, which Is effective on August 1, is being made through Nokia's 57 per cent-owned Dutch cable group NKF on undisclosed

The main operations to change hands are an optical fibre cable factory in Cologne and a copper cable manufac-turing plant in Nuremburg, which together have some 850 employees and annual net sales of DM300m (\$176.5m). The transaction does not include Philips' copper cable plant in Cologne, which the Dutch group has decided to close

Nokia has only a small share of the German telecommunication cables market, through its Monette subsidiary, but the than 20 per cent.

about 20 per cent per year. He Bridgestone slashes forecast

By Gordon Cramb in Tokyo

said may be in the range of

BRIDGESTONE, the Japanese tyre maker which owns Firestone of the US, yesterday dashed hopes of growth this year, slashing Y9bn (\$85m) from its forecast for worldwide net profits and saying it expected sales to fall Y100bn short of

original expectations.

It blamed the setback, which would bring a 1.4 per cent dip in earnings compared with last year to Y28bn, on a poor showing by its domestic operations. "Overseas subsidiaries and affiliated companies are still expected to achieve initially forecast financial performance levels," Bridgestone added. Global sales, at a projected Y1,650hn, would be 5.5 per cent below the 1992 level.

At the Japanese parent company alone, figures released yesterdey for the first six months showed pre-tax profits halved to Y13.76bn from Y28.91bn, on sales down 11.3 per cent to Y304.2bn.

The weak Japanese economy brought a drop both in the sales of new cars for which it supplies tyres, and in replacement tyres particularly for commercial vehicles as road freight slackened.

Exports from Japan were maintained in unit terms but revenues decreased with the appreciation of the yen.

Non-tyre operations, which represent more than a quarter of the parent's business, were similarly affected stronger sales of bathroom fittings and office materials were not enough to offset weak demand for chemicals, car seat materials, water tanks and bedding.

The interim dividend is being held at Y6 a share, drawn from net earnings per share of Y8.11 compared with

Sapporo Breweries lifts payout

High/Lov

By Gordon Cramb

SAPPORO Breweries, Japan's third biggest brewer, is boosting its dividend for 1993, a year in which it has been increasing its share of a flat market for beer and will benefit from special gains.

First-half parent company results released yesterday showed sales 3.9 per cent higher at Y256.3bn (\$2.42bn) cent jump in net earnings to of earnings.

Y2.98bn was achieved because of a Y2.1bn credit from the liquidation of a can-making sub-On a per-share basis net

earnings were Y8.91 against Y6.21, from which an interim dividend of Y3.50 is being paid. up from Y2.50 a share. The annual payout will rise accordingly to Y7 from Y5, a level which will meet a pledge made by Sapporo as part of a bond issue last year that it would

Full-year profits are forecast to be unchanged at Y10.7bn before tax and 44 per cent higher at Y5.3bn net. Revenues are projected to grow 5.1 per cent to Y580bn.

In the six months to June Its beer division increased interim revenues 3.7 per cent - volume sales were 3 per cent higher although the domestic market as a whole shrank 1.1 per cent. The overall performance was also assisted by 22.3 per

Former head challenges Canadian ieweller revamp

MR MARVIN Gerstein, a former chairman of Peoples Jewellers, has blocked the group's financial restructuring and challenged the court-appointed senior management to find a better survival plan.

Peoples. Canada's biggest jewellery chain with 220 stores and 1,800 employees, went into bankruptcy protection last December after writing off its 47 per cent interest in Zale, the troubled US jewellery retailer. Peoples, together with the Swarovski group of Switzer-land, had bought Zale for

n/a lots

The restructuring of Peoples under Ontario court supervision, would have shrunk Mr Marvin Gerstein's 33 per cent equity stake and the 53 per cent held by Mr Irving Gerstein, the former president and Mr Marvin Gerstein's nephew, to 1.5 per cent. Over C\$200m

have been converted to equity. Mr Marvin Gerstein voted against the plan at a shareholders' meeting in Toronto on Thursday, so that it failed to win a required two thirds

(US\$156.2m) of debt would

majority. A court-appointed receiver. Peat Marwick Thorne, will now ples were severely hit by the last-minute buyer appears.

Christofle fends off takeover bid with restructure

By Alice Rewathorn in Peris

CHRISTOFLE, the French silversmith, yesterday was rescued by its banks when they agreed to a FFri00m (\$17.2m) financial restructuring package. The deal should enable the Bouilhet family to retain

control of the company.
The Bouilhets, who have run Christofle for six generations, have been fighting to retain control in the face of a takeover bid by Société du Louvre. one of its minority shareholders and a subsidiary of the Taittinger champagne house.

Christofle reported a net loss

WORLD COMMODITIES PRICES

animitum, 99.7% purity (5 per torne)

Cesh 1198-8.5 1197.5-98.5 3 months 1218.5-9.0 1220.5-21

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1993	Low 1993
Gold per troy az.	\$405.75	+15.25	\$357.95	\$405.75	\$326.05
Sever Per tray oz	362.50p	+26.75	205.50p	362.50p	236.00p
Aluminium 99.7% (cash)	\$1196.25	-10,25	\$1316.5	\$1240.00	\$1108.00
Copper Grade A (cash)	\$1\$71.\$	+61.0	£1315.5	\$2375.00	\$1733.50
Lead(cash)	\$392.0	+1.5	£346.25	\$460.00	\$376.50
Nickel (cash)	\$4888	+33	\$7250	\$6340	\$4856
Zinc SHG (cash)	\$925.S	+4.0	\$1360.0	\$1112	\$914,5
Tin (cash)	\$4837.5	-52.5	\$6800	\$6047.5	\$4960.0
Cocoa Futures (Sep)	2748	-10	€609	£767	£663
Coffee Futures (Sep)	\$1037	+44	5744	\$1037	\$836
Sugar (LDP Raw)	5243.3	10.4	\$265.0	\$317.4	\$204.5
Barley Futures (Nov)	£103.4	+0.s	£112.65	£110.30	£104.30
Wheat Futures (Nov)	£107.05	-0.80	£114.50	£149.45	£107.05
Cotton Outlook A Index	58.55c	-0.20	64.30c	62.35c	54.75c
Wool (64s Super)	353p	+5	380p	403p	340p
Oil (Brent Blend)	\$18.78	+0.13	\$20.375x	519.53	\$16.51
Oil (Grent Blend) Per tonne unless otherwise states				519,53	\$16.51
ondon Marke	ets	SUGAL	- LCK		(S per

SPOT MARKETS

Dubel .	\$14,48-4,53u	+0.23
Brent Blend (deted)	S18.67-6.89	
Brent Blend (Sep)	\$16.77-6.79	-0.22
W.T.I (1 pm est)	\$17.96-7.98u	-226
Oil products NWE prompt delivery per to	nne CIF	+ QF -
Premium Gasoline	\$193-165	-1
Gas Of	S160-181	-3
Heavy Fuel Oil	\$60-62	+0.50
Nephtha Petroleum Argus Estimates	\$163-184	-2
Other		+ ar -
Gold (per troy oz)#	\$405.75	+11.65
Silver (per troy oz)\$	537.5c	+22.0
Pletinum (per troy oz)	\$413.60	+4.35
Petteckum (per troy oz)	\$142.00	+0.50
Copper (US Producer)	91.5c	
Leed (US Producer)	34.63c	
Tin (Kuela Lumpur market)	12.40m	
Tin (New York)	223.5c	-20
Zinc (US Prime Western)	62.0c	
Cattle (live weight)	130.12p	+0.11
Streep (Rve weight)té	92,59p	+0.58*
Pige (ive weight)	71.55p	-2.05"
London daity sugar (rew)	\$243.3	+1.8
London delly suger (white)	\$266.5	+1.5
Tate and Lyle export price	£275.0 ·	+3.0
Berley (English feed)	Unq	
Matze (US No. 3 yellow)	£171.D	
Wheat (US Dark Northern)	2147.0	-16.5
Rubber (Sep)♥	5 8 .00p	+0.25
Rubber (Oct)¶	59.50p	+0.25
Rubber (KIL RSS No 1 July	208.0m	
Coconut of (Philippines)§	\$457.5v	
Peim Oli (Meleyslan)Š	\$360.0t	
Copra (Philippines)§	310.0c	-25
Soyabeens (US) Cotton "A" Index	9209.0y 58.56g	+2.6 +0.15
Waqitaps (64s Super)	353p	TW. 13

SUGAR	- LCE	(S per	
White	Close	Previous	High/Low
Oct	257.20	258.00	257.20 255.20
Dec	267.40	259.50	266,50 267,00
Mar	261.00	260.50	262.20 259.60
White 9	53 (412) P	arle- White	(FFr per tonne):

Curbs consent but m	JIN OI	7 W -	01101-0	- IF E		-	•
Gașoline	\$193-1 0 5 \$160-181	-1 -3		Latest	Previous	High/Low	_
uel Oil	\$60-62	+0.50	Sep	18.76	16.89	16.95 18.72	
	\$163-184	-2	Oct	18.92	18.97	17.07 16.85	
m Argus Estimates			Nov	17.08	17.10	17.12 17,00	
		+ or -	Dec	17.25	17.29	17.31 17.18	
			Jen	17.23	17.38	17.33 17.24	
er troy oz)ê	\$405.75	+11.65	Feb	17.38		17.41 17.38	
er tray oz)#	537.5c	+22.0	Mar	17.49		17.49 17.49	
(per troy or)	\$413.60	+4.35	Apr	17.54		17.54	
m (per troy oz)	\$142.00	+0.50	IPE Index	15.96	17.14		
(US Producer) S Producer) is Lumpur market)	91.5c 34.63c 12.40m		Turnover 1	9065 (41	720j		•
v York) 3 Prime Westernij	223.5c 62.0c	-2.0	GAS OIL	· UPE		S/to	•
ive weight!	130.12p	+0.11*		Çiciye	Previous	High/Low	
Rve weight)†@	92,59p	+0.56*	Aug 1	159.25	162.00	161.25 159.25	•
e me@pg1.	71.55p	-2.05"	Sep	161.00	163.00	162.25 160.50	
daity sugar (rew)	S243.3	+1.8	Oct	163.25	164.75	163.75 162.50	
delly sugar (white)	\$266.5	+1.5		165.25	168.25	168.25 164.75	
d Lyle export price	£275.0	. +3.0		187.50	168.50	168.00 167.00	
Enadah danah	l land		Jan '	169.50	169.75	189.50 169.25	

Dec Jan	167.50 169.50	169.75	168,00 167,00 169,50 169,25
Seb	189.50	189.50	
-62	102.30	100.30	168.50
Turnov	r 13462 (9	920) lots a	f 100 tonnes
SPIC			
	resian case	de odces	rsmain firm, reports
Men	Producter.	with a rich	o trend in European
Men	Producten, incy terms.	with a risk industrial t	ng trend in European
Men curre holdi	Producten, incy terms. ing back f	with a risk industrial (non cover	ng trend in European Suyers, however, are the their needs for
Men curre holdi autur are	Producten, pocy terms. Ing back t mn grinding tetching St	with a right industrial (from cover) Karva sti. 2,325 a to	ng trend in European Duyers, however, are mig their needs for this for spot delivery the, with shower
Men curre holdi autur are often	Producten, incy terms. Ing back f mn grinding fetching \$2 a at \$2,215	with a rick industrial (troin cover). Ka/va sti. 2,325 a to 5. Madage:	ng trend in European buyers, however, are mg their needs for cles for spot delivers mre, with shipment scar and Sevebelles
Men curre holdi autur are often cose \$1,21	Producter, incy terms. ing back ? mn grinding so tetching so a at \$2,213 is prices a 75 a tonne !	with a right industrial to the cover to the	ng trend in European buyers, however, are ing their needs for cles for spot delivery nine, with shapment scar and Søychellee god at \$1,100 and with Chinese broken
Men curre holdi autur are ofter case \$1,21	Producter, incy terms. Ing back ? mn grinding \$2 set \$2,213 is prices a ?5 a tonne is is on o	with a right industrial to the cover of the	ng trend in European suyara, however, are mig their needs for cla for spot delivery nne, with shipment scar and Seychelles ged at \$1,100 and rely. Chinese broken stween \$1,300 and
Men curre holds autur ere offer case \$1,27 case	Producten, story terms. Ing. back ? mn grinding tetching \$2,219 is prices a 75 a tonne is is on 6 50 a tonne	with a rich industrial promi cover . Kafva sti, 2,325 a to . Madagase unchan off respective at be, and for	ng trend in European buyara, however, are mig their needs for cles for spot delivery nne, with shement fear and Seychelles ged at \$1,100 and vely. Chinese broken streen \$1,300 and whole at \$1,500 to
Men curre holds are offer case \$1,27 case \$1,30 \$1,50 unch	Producten, incy terms. in princing statistics of a at \$2,215 is prices at 75 a tonne is is on o 50 a tonne 50. Nutra anged with	with a right brokential to be common cover to the covert to th	ng trend in European suyara, however, are mig their needs for cla for spot delivery nne, with shipment scar and Seychelles ged at \$1,100 and rely. Chinese broken stween \$1,300 and

•		C1056	Previous	HIGHTOW	
	Jul	748	735	744 728	
	Sep	746	744	755 746	
	Dec	764	756	767 759	
	Mer	781 792	775 787	784 776 793 768	
	A/tay	801	787	800 799	
	Sep	812	808	812 811	
	Mar	838	832	837	
	for Jul 2	r; 2269 (5 rdicator pri 79 745,48 ((768.12)	406) lots of loss (SDPs (746.46) 10	10 tormes per tormes, Da day average f	or Jul S
	COFFE	E - LCE			\$/toru
		Close	Previous	High/Low	_
	Ju	1038	984	995 1020	
	Sep	1038	1014	1044 1025	
	Nov	1043	1018	1050 1020	
	Jen	1008	1011	1045 1018	
	May	1037	1011 1008	1029 1018	
	Jul	1040	1005	1018	
ne)		- 4177 P	381) lats of		
	ICO indi	cutor once	s (US cents	per pound) to	r Jul 2
	Comp.	delly 62.7	3 (62.30) 1	5 day averag	61.1
_	(60.96)				
	POTAT	028 - LC	E		£/tonn
_		Close	Previous	High/Low	
	Apr	82.1	81.6	87.2 61.1	
_	May	92.5	92.8	93.0 92.5	
ø	Turngve	r 87 (196)	lots of 20 t	onnes.	
_	SOYAN	EAL - LC	Z	_	E-TOUV
-	SOYAM	Close	Previous	High/Low	Eloru
-		Close	Previous		Etory
-	Oct	178.50 177.50		176.50 177.50	ETON
-	Oct Dec Feb	176.50 177.50 178.50	Previous	176.50 177.50 178.50	Evory
-	Oct Dec Feb Apr	176.50 177.50 178.50 178.60 179.00	Previous 175.00	176.50 177.50 178.50 179.00	Enoru
-	Oct Dec Feb Apr	176.50 177.50 178.50 178.60 179.00	Previous	176.50 177.50 178.50 179.00	Evoru
_	Oct Dec Feb Apr	178.50 177.50 178.50 179.00 r 40 (0) (o)	Previous 175.00	176.50 177.50 178.50 179.00	-
_	Oct Dec Feb Apr Turnove	178.50 177.50 178.50 179.00 r 40 (0) (o)	Previous 175.00	178.50 177.50 178.50 179.00	-
-	Oct Dec Feb Apr Turnove	176.50 177.50 178.50 179.00 r 40 (0) for	Previous 176.00 Is of 20 for	176.50 177.50 178.50 179.00 179.00 nea. \$10/inc High/Low 1315 1310	-
_	Oct Dec Feb Apr Turnove FREIGH Aug Sep	Close 176.50 177.50 1778.50 179.00 r 40 (0) (o) TT - LCE Close 1310 1338	Previous 176.00 Is of 20 fore Previous 1297 1329	178.50 177.50 178.50 179.00 179.00 180. \$10/inc High/Low 1315 1310	-
-	Oct Dec Feb Apr Turnove Aug Sep Oct	Close 176.50 177.50 178.50 179.00 r 40 (0) for T - LCE Close 1310 1338	Previous 176.00 Is of 20 ton Previous 1297 1329 1370	178.50 177.50 178.50 179.00 179.00 190. \$10/inc High/Low 1315 1310 1340 1343 1383 1380	-
100	Oct Dec Feb Apr Turnove Aug Sep Oct Nov	Close 176.50 177.50 178.50 179.00 r 40 (0) for T - LCE Close 1310 1338 1358 1359	Previous 176.00 Is of 20 ford Previous 1297 1329 1370 1390	178.50 177.50 178.50 179.00 179.00 180. \$10/inc High/Low 1315 1310	-
- -	Oct Dec Feb Apr Turnove Aug Sep Oct Nov BFI	Close 178.50 177.50 178.50 179.00 r 40 (0) for TT - LCE Close 1310 1338 1359 1339	Previous 176.00 Is of 20 ton Previous 1297 1329 1370	178.50 177.50 178.50 179.00 179.00 190. \$10/inc High/Low 1315 1310 1340 1343 1383 1380	-
	Oct Dec Feb Apr Turnove Aug Sep Oct Nov BFI	Close 176.50 177.50 178.50 179.00 r 40 (0) for T - LCE Close 1310 1338 1358 1359	Previous 176.00 Is of 20 ford Previous 1297 1329 1370 1390	178.50 177.50 178.50 179.00 179.00 190. \$10/inc High/Low 1315 1310 1340 1343 1383 1380	-
	Oct Dec Feb Apr Turnove Aug Sep Oct Nov BFI	Close 176.50 177.50 177.50 178.50 179.00 r 40 (0) for TF - LCE Close 1310 1338 1338 1339 1339 1339	Previous 176.00 Is of 20 ford Previous 1297 1329 1370 1390	178.50 177.50 178.50 179.00 179.00 190. \$10/inc High/Low 1315 1310 1340 1343 1383 1380	-
	Oct Dec Feb Apr Turnover Aug Sep Oct Noy BFI Turnover	Close 176.50 177.50 177.50 178.50 179.00 r 40 (0) for TF - LCE Close 1310 1338 1338 1339 1339 1339	Previous 176.00 Is of 20 ford Previous 1297 1329 1370 1390	178.50 177.50 178.50 179.00 179.00 190. \$10/inc High/Low 1315 1310 1340 1343 1383 1380	dex pol
-	Oct Dec Feb Apr Turnover Aug Sep Oct Nov BFI Turnover GRAINS	Close 178.50 177.50 177.50 178.50 178.50 178.50 178.50 178.50 178.50 179.00 17 - LCE Close 1330 1336 1336 1339 1339 1339 1339 1339 1309 1309 1309	Previous 178.00 178.00 Previous 1297 1329 1370 1390 1344 Previous 106.05	178.50 177.50 177.50 179.00 179.00 199. 199. 1315 1310 1340 1343 1340 1343 1340 1345 1346 1345 1346 1346 1346 1346 1346 1346 1346 1346	E/tonn
	Oct Dec Feb Apr Turnover Aug Sep Oct Nov BFI Turnover GRABUS	Close 176.50 177.50 177.50 177.50 178.50 179.00 r 40 (0) for Close 1310 1338 1338 1339 r 22 (75) 5 - LCE Close 105.85	Previous 178.00 178.00 Previous 1297 1329 1370 1390 1344 Previous 106.05 107.00	178.50 177.50 177.50 179.50 179.00 1863. \$10/inc \$10/inc 1315 1340 1343 1343 1340 1345 1345 1345 1345 1345 1345 1345 1345	E/tonn
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	Oct Dec Feb Apr Turnover FFEEGAP Aug Sap Oct Nov BFI Turnover Wheet Sep Nov Jan May Bartey Bartey Bartey	Close 176.50 177.50 177.50 177.50 178.50 179.00 r 40 (0) foll 1310 1338 1338 1338 1339 1339 1339 1339 1359 1359 1359 1359	Previous 178.00 178.00 Previous 1297 1329 1370 1390 1344 Previous 106.05 107.00 109.00 111.00	178.50 177.50 177.50 179.00 179.00 180. \$10/nc \$1315 1310 1340 1343 1380 1405 1385 High/Low High/Low 105.05 107.25 108. 109.25 108.	E/tonn
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	Oct Dec Feb Apr Turnover FFEEGAP Aug Sap Oct Nov BFI Turnover Wheet Sep Nov Jan May Bartey Bartey Bartey	Close 176.50 177.50 177.50 177.50 178.50 179.00 r 40 (0) for Close 1310 1338 1338 1339 r 22 (75) 5 - LCE Close 105.85 107.05 109.05 110.95 Close Close Close	Previous 178.00 178.00 178.00 Previous 1297 1329 1370 1390 1344 Previous 106.05 107.00 111.00 173.10 Previous	178.50 177.50 177.50 179.50 179.00 199. \$10/lox 1315 1310 1340 1340 1340 1380 1405 1385 High/Low 105.05 107.25 108. 109.25 108. 111.25 High/Low	E/tonn

Close Previous 100.7 100.8 102.3

per tonney. Daily price	Nichel (S per ton
day average for Jul 30	Cash 488
	3 months 483
\$/tonne	Tim (S per torme)
	Cosh 483
High/Low	3 months 488
995 1020	Zinc, Special HA
1044 1025	Gash 925- 3 months 941-
1044 1025 1050 1020 1045 1018	LME Cleater C/
1044	LME Closing E/S SPOT: 1.4849
1029 1018 1018	Copper and lead
f 5 tonnes ts per pound) for Jul 29	LOHDON BULL
15 day average 51.17	(Prices supplied
	Gold (Day az) S
	Clase 46 Opening 46
E/tonne	Marring fa 44
High/Low	Albernoon for 40
82.2 61.1	Day's high 40 Day's low 40
93.0 92.5	Loco Ldn Mean
tomes.	
	1 mants 2 months
Ellorine	3 months
High/Low	Silver for p
176.50	Spot 35
177.50	3 martine 38
179.50 179.00	8 months 38
mnea.	
FEREN.	GOLD COINS
\$10/index point	Krugerrand
High/Low	Macks leaf New Soveraign
1315 1310 1340	New Sovereign
1383 1380	
1405 1385	TRADED OPTIO
	Alumboham (99.75
	Strike brice S tor
	1175 1200
E/tonno	1225
High/Low	Copper (Grade A
106.05	1900
107.25 108.50 109.25 108.00	1350
111,25 110,90	3000
113.20	Cuffee
High/Low	850
101,40 103,50	900
108.90	950
Barley 52 (39).	Cocca
	705
	750 775
(Cash Sottlement) p/kg	
High-Low	Brent Crude
100.7 100.5 102.6	1700
	1750 1800
9	1800

Cash 1671-2 3 montes 1967-7	per tor	1(10)					Total d	tally turnover	49,598 k
1-1061 Erumoni		1960-		1970	7	HE 15-70.0			
	.5	1965.	-00	1972/1960		0.5-6.0	1671-2	r/s	~~~
weed (\$ per torme)		392.5	67	220 6 6004	-		Total	daily turnove	2.420 10
Cosh 391.5-2 months 404.5-3		405-0		381.5/391 405/404		n-1.5 M-3.5	404.5-5	.0 n/a	inte
dickel (S per tonne)								daily turnow	
ash 4883-9	3	4970-	<u>80</u>			80-1	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	44-7 minut	0,701 K
months 4835-4		5025	30	5020/4900		10-1	4840-5	1/0	lots
In (S per tonne)					_				ver 830 kg
cesh 4835-4	0	4580-	70		4	25-35			
months 4885-9	J	4915-	20	4910/4875		85-90	4855-00	n/a	lots
Inc. Special High	Grade (S per to	onne)				Total	daily turnove	8,295 lo
325-6 Person		900-Z		919.5/019	9	9.5-20.0			
months 941-1,5		835-37	7	942/935		5.5-0.0	938-40	n/a	lota
ME Closing E/S n POT: 1.4849		3 most	he: 1,47	55	9.	norths: 1.4	985	0	Ths: 1,484
opper and lead pr								O III O	WIS IN
			_				_		
CHOCH BULLION Prices supplied by			eff		Ne	WY	ork		
old (troy oz) S pri			equiva	T.	COLD	100 toy	z: Łosy a	Z	
	50-402.4 30-402.4					Close	Previous	High/Low	
pening 401.6 criting for 403.3			72,770		Aug	407.0	397.8	407.5	401.D
ternoon for 401.7	75	2	71,289		Sep	408.D	398.8	408,0	403.5
	0-406.				UCK.	406.2	400.1	409.8	403.2
	20-401.5				Dec Feb	411,3	402.2	411.7 414.5	405,5 407,7
oco Ldn Mean G	id Lan	ding R	HOME (V	US\$	Apr	415.5	406.3	414,5	408.9
mants 2	.68	6 mon	This .	2.68	JUTI	417.5	408.3	417.2	412.0
montre 2	.68	12 ma		2.89	Aug Oct	419.7 421.8	410.4	414.0	414.0
	.68								0
iver to: prizo	y 02	U	IS one e	iqur/	PLATI		oy or, \$/20		
por 358.3	18	5	90,00			Citase	Previous	High/Low	
maratha 363.4	10	5	33,25		Oct	418.9	414.9	420.9	416.0
months 388.2			35.65		Jan	419.9	415.9	421.2	417.7
montes 377.5		•	48.55		Apr	420.9	416.9 417.7	423.0	419.0 0
					_		ry uz, cente	_	<u> </u>
OLD COINS					GLVE			_	
S	XIC8		viupe 3	piert,	_	Ciose	Previous	High/Low	
	3.50-40		272.00-	274.00	Aug Sep	539.2	520.4 522.0	527.0	527.0
acle less 416	8.40-41	9.00	-		Qct Qct	540.8 523.5	522.0 623.5	541.5 D	527.0
ew Sovereign 95.	50-99.5	0 (64.00-e	B.00	Dec	548.4	527.A	547.8	533.D
					Jan	547.O	528.0	D	0
NADED OPTIONS	1				Mar	562.0 566.2	532.8 538.9	559.0 565.0	539.0 545.0
urrichum (99.7%)	C	eta	ı	Puts	34	559.9	540.5	562.0	548.0
rike brice S torme	Aug	Oct	Aug	Oct .	Sep	564.D	544.5	553.0	55\$.D
175	27	57			Dec	570.0	550.4	570.0	558.0
300	9	41	3	15 24	HEGH		OPPER 25,0	000 lbs; cent	1/E29
	3	26	25	36		Cipse	Previous	High/Low	
25	Ç	174	-	Puts	AUG	87.95	87.25	20.83	67.30
		108	3	34	Sep	88,30	67. 65	88.40	87.55
opper (Grade A)	80		7	53	Nov	88.30	87.75 87.90	87.80	87.50
opper (Grade A) 100 150	90 37	रह		79	Dec	85.30	87.80	88.30	87.85
opper (Grade A) 100 150		54	30				87.90	a	0
opper (Grade A) 100 150	37		30		Jan .	88,35	67.05		13
opper (Grade A) 160 150 160	37		30 Sep	Ngv	Jan Feb	88,40	67.95	88.40	RS 10
opper (Grade A) 00 150 000	37 10	54			Jan Feb Mar Apr	88,50 88,50	67.95 68.10 88.20	88.40	B8.10 0
ppper (Grade A) 100 150 100 1ffee	37 10 Sep 183 139	54 Nov 197 154	Sep -	Nav 4	Jan Feb Mar Apr May	88,40 88,50 88,50 88,65	67.95 68.10 68.20 88.25	88.40 D 88.40	D 58,40
opper (Grade A) 00 550 00 07 660 00 00 00 00 00 00 00 00 00 00 00 00	37 10 Sep 183 139 93	Nov 197 154 115	Sep - 1 5	Nov 4	Jan Feb Mar Apr May	88,40 88,50 88,50 88,65	67.95 68.10 68.20 88.25	88.40	D 58,40
opper (Grade A) 00 50 00 ffee 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	37 10 Sep 183 139	54 Nov 197 154	Sep -	Nav 4	Jan Feb Mar Apr May CRUO	88,40 88,50 88,50 88,65	67.95 68.10 68.20 88.25	88.40 D 88.40	D 58,40
opper (Grade A) 50 50 od free 0 0 0 0 5 5 5 5 5 5 5 5 5	37 10 Sep 188 139 93 Sep 33	Nov 197 154 115 Dec	Sep - 1 5	Ngv 4 11 22 Dec 41	Jan Feb Mar Apr May CRUO	88,40 88,50 88,50 88,65 5 Otl (Lig	67.95 68.10 88.20 88.25	88.40 0 68.40 S galls \$/bar	D 58,40
opper (Grade A) 00 50 00 offee 0 0 0 0 0 0	37 10 5ep 188 139 93 5ep 33 18	Nov 197 154 115 Dec 80 66	Sep 1 5 Sep 10 20	Nov 4 11 22 Dec 41 52	Jan Feb Mar Apr May CRUO	88,40 88,50 88,50 85,65 5 Otl. (Lig Lenest 17,82 18,20	87.95 88.10 88.20 88.25 http 42,000 U Previous 18.12 16.33	88.40 0 88.40 5 galls 5/bar High/Low 18.10 18.31	0 58,40 rel 17,90 18.15
opper (Grade A) 00 50 00 offee 0 0 0 0 0 0	37 10 Sep 188 139 93 Sep 33	Nov 197 154 115 Dec	Sep 1 5 Sep 10	Ngv 4 11 22 Dec 41	Jan Feb Mar Apr May CRUO Sep Oct Nov	88,40 88,50 88,50 85,65 5 Ott. (Lig Linest 17,82 18,20 18,38	67.95 68.10 58.20 88.25 mg 42,000 U Previous 18.12 16.33 18.49	88.40 0 88.40 5 galls \$/bar High/Low 18.10 18.31 18.45	0 58,40 rel 17,90 18,15 18,36
ppper (Grade A) 00 50 00 00 00 00 00 00 00 00 00 00 00	37 10 5ep 185 139 93 5ep 33 18	Nov 197 154 115 Dec 80 66 54	Sep 1 5 Sep 10 20 38	Nov 4 11 22 Dec 41 52	Jan Feb Mar Apr May CRUO CRUO	88,40 88,50 88,50 88,65 5 Ot. (Lig Latest 17,82 18,38 18,49	87.95 88.10 88.20 88.25 http 42,000 U Previous 18.12 16.33	88.40 0 86.40 95 gais \$/bar 18.10 18.31 18.45 18.55	0 58.40 rel 17.90 18.15 18.35 18.45
opper (Grade A) 00 50 00 order 00 00 00 50 50 50 50 50 50 5	37 10 5ep 188 139 93 5ep 33 18	Nov 197 154 115 Dec 80 66	Sep 1 5 Sep 10 20	Nov 4 11 22 Dec 41 52	Jan Feb Mar Apr May CRU0 Sep Oct Nov Dec	88,40 88,50 88,50 88,65 6 Ott (Lig 17,82 18,26 18,35 18,49 18,65 18,72	67.95 68.10 58.20 88.25 10 42,000 U Previous 18.12 16.33 18.49 18.50 18.71 18.79	88.40 0 58.40 5 galis 5/bar High/Low 18.10 18.31 78.45 18.55 18.67 18.72	0 58,40 17,90 18,15 18,35 18,45 18,58 18,68
opper (Grade A) 150 150 150 150 150 150 150 150 150 150	37 10 Sep 185 139 93 Sep 33 18 9	Nov 197 154 115 Dec 80 66 54 Oct	Sep 1 5 Sep 10 20 38 Sep 28	Nov 4 11 22 Cec 41 52 65	Jan Feb Mar Apr May CRU0 Sep Oct Nov Dec Mar	85,40 88,50 88,50 85,65 5 Ot. (Lig 17,82 18,20 18,38 18,49 18,65 18,72 18,85	67.95 68.10 58.20 88.25 htt 42,000 U Previous 18.12 18.33 18.49 18.50 18.71 18.77 18.67	88.40 0 88.40 5 galis \$/bar 18.10 18.31 78.45 18.55 18.67 18.67	0 68,40 17,90 18,15 18,35 18,45 18,68 18,75
opper (Grade A) 500 office 5	37 10 5ep 185 139 93 5ep 33 18 9	Nov 197 154 115 Dec 80 66 54	Sep 1 5 Sep 10 20 38	Nov 4 11 22 Dec 41 52 65 Oct	Jan Feb Mar Apr May CRU0 Sep Oct Nov Dec	88,40 88,50 88,50 88,65 6 Ott (Lig 17,82 18,26 18,35 18,49 18,65 18,72	67.95 68.10 58.20 88.25 10 42,000 U Previous 18.12 16.33 18.49 18.50 18.71 18.79	88.40 0 58.40 5 galis 5/bar High/Low 18.10 18.31 78.45 18.55 18.67 18.72	0 58,40 17,90 18,15 18,35 18,45 18,58 18,68

HEAT			Øs, cents/L	
	Lettest	Previous	High/Lov	
Aug	60.50	50.82	50.65	50,40
Sep	51.35 52.40	51.68 52.69	51.50 52.50	51,20 62,50
Nov	53.45	53.72	53.55	58,30
Dec	54.60	54.75	54.60	64,30
Jan	55.26	65.45	56.27	65.00
Feb Mes	55.55 54.60	55.85 54.85	55.55 54.60	50,40 54,85
Apr	53.50	53.85	53.80	53.65
May	52.65	53.00	52.95	52,85
60C 0	A 10 tores	00;5/tornes		
	Close	Previous	HighVLov	
Sep Dec	B39 B79	940 960	951 991	935 977
Mer	1011	1013	1021	1010
May	1032	1034	1083	1033
Ju	1052	1054	D	D
Sep Dec	1072	1074	0	0
Mar	1118	1115	ŏ	ŏ
May.	1134	1136	0	0
COFF		500lbe; cen		
	Close	Previous	High/Low	
Sep Dec	78.55 79.05	74.10	77.90 80.30	75.20
Viec Vier	31.15	76.75 78.95	82.40	76.00 80.00
Mwy	82.60	80.30	63.50	81,40
)ui	84.00	31.50	D	D
Sep Dec	85.40 86.16	83.30 85.80	0 86.50	0
			00 lbs; cent	85,00
	Close	Previous	High/Low	
Oct	9,36	9.29	9.36	9.16
Mar	8.68	9,71	9.75	9.00
Masy Jul	9.79 9.51	9.79 9.84	9.66	9.70 9.61
Oct	9.81	9.84	9.84	9-61
COTT	OCO,000 MC	ibe; cente/f	be	
	Ciose -	Previous	High/Low	
Oct Dec	58.62 60.81	60.55	60.35	66,22
Mar.	62.18	51.84 53.10	61.70 62.85	60,25
Viey	82.75	63.71	62.50	62.50
Jul	63.13	84.11	63.60	63,05
Det Dec	60.80 81.65	61.65 81.83	0 61.55	0
		15,000 ibe;		61,50
	Close	Previous	HighyLow	
Зер	117.50	114.00	118.00	116,95
Nov Ian	120.70	117.50	121.25	119.70
/ar	124.05	179,65	123.25 124.05	120.75
Way	120.25	121.75	125.00	123.00
Jul Sep	126,75	122.45	0	D
VOV	124.95	121.45 121.45	0 .	a
INCO	CES			
	TERS (Res		er 18 1931	
_	Jul.30	Jul.22	meith ago	
	1649.1	1844,3	1600.5	1555.4
100	- JUNES (31 1974 =	
Spot	Jul.29	Jul.28	mmth ago	
	124.16 # 130.40	124.18 130.42	120.13 119.65	118.50
				. 70.12
	٠.			

BOYA	BEAMS 5,0	200 by mirt o	enterfolio bue	Del
	Close	Previous	High/Low	
Aug	- 005/4	686/6	692/4	694/4
Sep	686/4 686/0	692/6	895/G	885/0
Jan 2	890/4	895/4	697.44	090/0
Mer	683/0	697/2	600/D	- 002A
May Jul	693/0	697/4	700/0	892/4 892/0
Aug	685/0	686/2	007/0	664/0
SOYA	BEAN OIL	60,000 lbs; c	wit/b	
	Close	Previous	High/Low	
Aug	23.21	23,19	28.43	25,13
Sep Oct	23.34	23.34	23.58	23,45
Dec	23.75	23.60	23.00	23.66
Jen Mer	23.80 23.95	23.78	24.05	23,72
May	24.02	23.65	24.15	23.55
Jul	23.96	23.66	24.20	23,05
BOYA	BEAN ME	L 100 tone;	\$/ton	
	Close	Previous	High/Low	
Aug	228.3	226.3 225.1	229.0	221.1
Sep Oct	220,1	223.1	223.0	220.0
Dec	212.5	222.2	223.0	219.0
Jen Mer	218,5 217,3	221.2 219.7	221.2 220.2	218.0
May	216.5	218.0	218.0	216.0
Jul.	214.0	218.0	210.0	214.0
MAZ		min; cents/60		
_	Ciose	Previous	High/Low	
Sep Dec	258/6 241/6	239/0	239/2	2354
4	249/2	251/6	252/0	242/6
May Iul	254/0	255/5 258/4	255/4	25376
Sep	244/2	246/4	258/6 246/6	256/4 -
Dec.	237/0	239/0	239/0	256/8
MHEA		min; cents/6	Olio-boshel	
	Cione	Previous	High/Low	
Sep Sec	304/0 512/4	305/4 317/0	309/6 °	305/4 \$12/0
Mer.	S15/2	320/0	321/0	316/0
Mary Juli	311/6 303/2	\$14/0 303/B	315/4	311/4
Зер	306/4	206/5	306/D 306/4	302/6 306/4
NE C	ATTLE 40,	000 lbs; cent		
•	Close	Previous	High/Low	
49	75.050	75.575	75.950	75,450
Det Dec	75.200 75.275	75.078 78.076	75.500	74.900
ab	75.850	75.350	76,775 : 76,776	74,960
light Julia	76.650 73.425	76.350	76,800	76,400
Nig.	72.300	73,075 72,050	73,675 72,560	73 <u>,226</u> 72,025
SVE H	OGE 40,00	ió ib; cents/ib		
	Close	Previous	18gh/Low	
wg .	48,925	49,000	49.225	48,650
Dec Dec	45,725 46,475	45.875 48.875	46,050 46,960	46,575
eb	46,250	48.500	46,575	45,100
Apr Jun	44.860 49.750	44.925	44.950	44,625
kul	48.675	49.825	49.800 46.700	48,800
PORK	BELLIES 4	0,000 lbs; ce	nts/lb	
	Close	Previous	Highton	
وسا	45,100 81,775	44.225	45.725	44,100
	01.775	52,400 .	52,960	50,750
Vier				ED
ieo Var Vay Ni	81,050 82,800 52,325	51.900 53.300 52.325	62,800 63,600 52,800	50,500 52,600

M. MALL?

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MONEY MARKET FUNDS

Coutts & Co

Tyndell Bank pic

thic Trant United
1 Great Control of London Wil
210,000-40 day notice 7,75
510,600-10 day notice 8100
22,000 - 1 year 822

Special Acc. 4.825 3.47 4.70 Mgs. 210,000 and above 4.875 3.68 4.96 Mgs.

CAL Futures Ltd 162 Queen

Western Treat High Interior Chequie Acc The Monogramma, Physical Pt 405 97782 204 215,000 41,265 25,00 4.13 1.55 21,000-24,266 5.00 3.76, 8.00

bledon & South West Fi

Massive ERM intervention

THE EUROPEAN exchange rate mechanism appeared to be on the brink of collapse yesterday after massive intervention from 6 ERM central banks failed to keep the French franc above its floor in the monetary system, writes James Blitz.

Yesterday's currency intervention by the Bundesbank appeared to be in the order of DM60bn, one of the largest operations conducted by a central bank in a single day of trading. One Bundesbank council member, Mr Johann Wilhelm Gaddum, may also have halped to support the franc by saying that German call money could fall through

its discount rate. But at the end of what was probably the most bectic session of ERM trading ever, three currencies - the French franc, Belgian franc and Danish krone - were on their ERM floors. After ERM trading closed, central banks did not support these currencies and

£ IN NEW YORK

1.4855-1.4965 0.35-0.34gm 0.97-0.95pm 2.60-2.50pm

STERLING INDEX

CURRENCY RATES

Bark #

2.00 4.41 5.25 8.76 5.75 18 9.25 11.50 11.50

Special ' Drawing Rights

Jul 30

8.30 9.00 10.00 11.00 Noon 1.00 2.00 3.00 4.00

1/4 30

Providus Close

1.4815 1.4825 0.37 0.36pm 0.96 0.97pm 2.75 2.88pm

0.753663 1 11432 1,43100 13,6539 7,66455 1,43809 2,1546 6,65304 1600,20 116,222 8,31776 9,25218 1,70213 266,420

Jul 30 Previous

the French franc traded below its ERM floor, coming as low as FFr3.4330 to the D-Mark. There were strong indica-tions last night that a meeting of the EC Monetary Committee was being convened, but these could not be confirmed.

At the start of European trading yesterday, the French franc was hovering above the FFr3.4180 level which the Bank of France had pledged to defend at the end of last week. But, at about 0900 GMT yesterday, the French authorities appear to have allowed the franc to fall to its ERM floor of FFr3.4305. One dealer suggested that the announcement by Mr George Soros, the hedge fund player, may have coincided with a wave of spec-

But, by allowing the franc to fall to its floor in the system. France'e tactic may have been to put the onus on the Bundesbank to support the franc.

ulation by more ebort term

ERM rules.

FINANCIAL FUTURES

NOTIONAL BERMAN GOVT. BOND: **

BACOL,000 100ths of 100%

| Close | High | Low | Prev. |

\$49 | 98,16 | 98,54 | 96,55 | 96,25 |

\$66 | 98,32 | 98,65 | 98,25 | 98 37

Treasury Balls and Bonds

LIFFE LONG GET PUTURES OFTIONS 250,000 84ths of 100%

Strike Price 107 108 109 110 111 112 113 114 2-48 1-67 1-10 0-40 0-18 0-07 0-07

"The French have been very clever," said one analyst.
"They are effectively saying to the Bundesbank that the only way the system can be saved is by German intervention or a cut in German interest rates."
However, with the dollar closing last night at DML7405, up nearly a pfennig on the day, the prospects for a cut were minimal.

There were strong sugges-tions last night that ERM members could contemplate a widening of the bands for the core currencies this weekend, broadening the current permit-ted fluctuation of 2.25 per cent to perhaps 6 per cent.
But Mr Neil Mackinnon,
chief currency strategist at

Citibank, said this would not be credible in the long term.
"The move would not allow France to cut interest rates. which is the key to this crisis,"

	Ce	cu Currence niral Amounts also Jul 30	troes.	- Yel 15		ngence loster
Jench Gallide J-Mark Jeh Punt Jedgian Franc Jenish Kron Francis Franc Jenish Pee Jenish Pee	0.6 40 7.	19872 2.1849 94864 1.9388 96836 0.86820 1.2123 40.665 2.6679 7.5645 58983 6.6530 2.654 199.48 44.250 160.71	9 -0.51 1 -0.42 9 1.16 5 1.73 4 1.75 6 \$44	3220	75 73 84 95 40 40 40 73	43 99 34 97 63 78 62 63
hangel are	40 Can 4 Day	uropeen Commission. (
process the republish po (7/9/92) Sh	percentage differentiage and finitiage L	ince between the actu deviation of the corn in auspended from Ef	all murket end Sou secy's merket mis ML Adjustment cate	control not from the Ec stating by f	central rate. Resputat Times.	, and th
process the republish po (7/9/92) Sh	percentage differentiage and finitiage L	ince previous the actual deviation of the current	all murket end Sou secy's merket mis ML Adjustment cate	control not from the Ec stating by f	ns for a currency o control rate. Respectal Tenes.	, and th
POL	percentage different percentage ring and finites L. JND SPO*	T - FORWA Close 1 14845 - 1,4855 2 1,9045 - 1,9055 2,9073 - 2,9173 54.45 - 54.45	IND AGAIN One month 0.35-0.33cpm 0.35-0.33cpm 0.35-0.30cpm 1-4-code NA	LST T	te to a currency of control rate. Interest of the control rate of	VI.

reservation and a second and a	10.0100 - 10.0925 1.0615 - 1.0780 2.5605 - 2.5905 281.30 - 287.00 210.45 - 215.06 2383.80 - 2401.50 10.9616 - 11.0950 8.7510 - \$6865 2.1780 - 12.3980	10.0825 - 10.0925 1.0735 - 10745 2.5825 - 2.5875 268.00 - 267.00 215.10 - 215.40 2304.75 - 2395.75 11.0850 - 11.0850 12.3400 - 12.2500	0.03-0.08eda \[\frac{1}{2}\text{ptcts} \] 180-182cda \[\frac{1}{2}\text{ptcts} \] \[\frac{1}{2}\text{ptcts} \] \[\frac{1}{2}\text{qtcts} \] \[\frac{1}	-0.50 -1.45 -7.70 N/A -0.66 N/A -2.76	0.12-0.16dm 51-7-00 409-485dn M/A 1/2-34dfs N/A 53-7-5-dm	-0.56 -1.16 -0.56 -0.56 -0.56 -0.56 -0.56 -0.56 -0.56 -0.56 -0.56
eptart	154.15 · 157.80 18.07 - 18.20 2.2505 · 2.2860	155.25 • 156.25 18.15 • 16.16 2.2550 • 2.2650 1,3610 • 1,3820	4-2grode 14-2grode 14-14com 0.35-0.41com	241 -091 190 -735	112-1011 312-15-1011 14-17-101 0.65-0 75-04	273 -0.78 1.11 -2.09
.65-2.58pm.		- FORWAF		_		
.tu 30	Clary's Spread	Clubs	One more.	114	Three marchs	P.A.
ekandi erada	1,4750 - 1,4855 1,3785 - 1,3885 1,2830 - 1,2870 1,8505 - 1,9655	1,4545 - 1,4655 1,3820 - 1,3630 1,2640 - 1,2850 1,9805 - 1,981,5	0.35-0.33cpm 0.41-0.38cpm 0.09-0.11cdb 0.58-0.61cdb	276 345 -093 -384	0.95-1.95pm 1.15-1.10pm 0.27-0.31ds 1.55-1.60de	260 325 -050 -321

CURRENCY	MOVE	MENTS	Instand† 1,378		1,4645 - 1,465 1,3820 - 1,383	DA1-0	38cpm 3.4	3 115-11	10pm 3.2
74 30	Benk of England Index	Morgan Guarenty Changes %	Retherlands 1,850 Belgtust 36.1 Denmark 9,766	5 - 36.70 5 - 36.70 0 - 6.8018	1.2840 · 1.285 1.9805 · 1.981 38.60 · 36.70 6,7900 · 6.795	0.58-0	111cds -0.9 161cds -3.6 N/A W	4 1.55-1. A	N/A N/A
Storing U.S Dottar Canadian Dottar Austrian Schilling Bolgian Franc Deniefi Krone O-Mark Sweis Franc Dutch Bullder Franch Franc Lira Yon Posset Morpan Guar 1890 1982-100	61.5 66.2 94.2 112.8 111.8 114.6 127 117.1 108.1 80.4 188.0 87.5	-27.92 -11.40 -8.27 +16.27 -0.83 +9.46 +29.90 +27.61 +19.73 -8.72 -34.07 +125.94 -35.50	Genotiny	5 · 179.85 5 · 144.95 6 · 1622.90 5 · 7.4760 6 · 5.9880 6 · 6.3180 7 · 105.85 0 · 12.2775 0 · 12.2775 1 · 1.5310 5 · 1.1140		5 150-5 5 9.00-97 7 1.80-21 5 3.40-4.0 90 3.75-4.0 0 0.21-0 5 0.57-0	Arredia -2.9 N/A N/A Chredis -5.3 L(1) yds -0.0 Signatia -3.8 L(24cds -1.7 L(55cpm 8.1) C, treland and 1	380-4 A 25-24-28 F 502-5 A 9.40-10. 002-9 2 10.05-10. 7 0.51-0. 7 1.32-1.3	200m -6.9 N/A R0 50ms -6.4 80dm -2.8 N/A N/A 40ms -4 8 surper 0.0 85dm -1.4 61dm -1.5 31pm 4.8
Average 1985=100)	**Rutes art	for Jul 29		URO-C	URRENC	Y INTE	REST I	RATES	
OTHER CU	RRENC	IES	Jul 30	Short term	7 Days	(Ing Month	Three printing	Sk Hookia	Cree
Jul 30	€ (\$				55 F F F F F F F F F F F F F F F F F F			Year

Argentina Australia Brazil Findand Findand Greece Hong Kong KoreefSthi Louwetbaun Madayele Madayele Madayele Madayele Madayele Sangal Ar Sangal Ar Sangal Ar Sangal Ar Sangal Ar Taleyen S.Af (Fri) Taleyen Taleyen	2.154 10528 8.755 349.45 11.459 2345.0 1186.2 0.4460 3.769 4.612 2.670 8.542	0 - 2.11 6 - 105 5 - 0 85 0 - 35 0 - 12 0 - 12 0 - 12 0 - 12 0 - 12 0 - 2 0 - 3 0 - 3 0 - 4 0 - 2 0 - 2 0 - 4 0 - 2 0 - 4 0 - 2 0 - 4 0 - 2 0 - 4 0 - 4 0 - 4 0 - 6 0 -	560 1 775 71 355 5 4560 23 4716 7 8,00 15 8,35 8 6,700 0.3 45 960 2 155 3 740 1 156 3 740 1 156 3 8,80 1 1055 3	9500 - 8,100 - 7550 - 80,00 - 03,40 - 30,50 - 36,65 - 36,55 - 7,495 - 7,495 - 3,505 - 4,600 - 4,600 - 6,500 -		US Dollar Can, Opi Buich G Switze Fr D-Black, French F Ballan U Bolglan I Ballan U Banish H Adam SS Spanigh Poraugua Long term Sig-Sig (Ader	44 87 5 7// 2 1 3/2 1 14 15	6 - 64 - 44 - 72 5 - 20 1 - 18 - 10 - 24 - 13 - 14 - 16 - 16	45 749 10 11 34 100 35 20 15	ocht fire	413 413 15 15 30 31 31 14 14 11 14 17 18 18 18 18 18 18 18 18 18 18 18 18 18	311 62 62 63 64 61 61 61 61 61 61 61 61 61 61 61 61 61	Marie J.	2 107 12 107 2 107 12 107 12 107 12 107 12 107	- 0 4 - 6 5 - 13 4 - 13 4 - 10 4 - 11 12	114 or cook !	5 4 8 8 3 6 3 6 3 6 3 6 6 6 6 6 6 6 6 6 6 6
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	ORW AIN:					O S DM. YEM F Fr. S Fr.	0.673 0.387 6.416 1.131 0.442	1.485 1 0.574 9.531 1.660 0.857	2.585 1.741 1 1859 2.924 1.144	155.8 104.0 80.27 1000. 178.2 65.84	5.953 3.420 56.74 10, 3.012	2.200 1.522 0.674 14.51 2.557	2.013 1.962 1.127 18.70 3.295 1.289	2395. 1813 928 5 15372 2709 1050	1.905 1.283 0.737 12.23 2.155 0.843	54 40 18.63 21.54 949.2 61.54	215.5 145.0 63.29 1382 243.5 95.27	1.362 0.917 0.527 6 742 1.541 0.603
	Scot	1	3	-	12	N FL	0.343	0.510 0 820	0.887	53.48 65.05	3.035	0.776	1.218	1000	0.654	16.67	73.91 89.90	0.448
US Dollar D-mgs. French Ft.	1 4850 2.5850 5.8400	1,4516 2,5874 8,5048	1.4794 2.5909 8.9234	1 4688 2 5970 8 9269	1 4590 2 6070 8 9397	8 Fr. Pts	0.525 1.636 0.464 0.734	0.780 2.730 0.890 1.090	1.357 4.752 1.201 1.898	81.78 236 4 72.36	4.840 16.25 4.106	1.156 4.154 1.050 1.659	1 529 5.355 1.353 2.139	1357 4403 1112 1758	1,502 0,885 1,399	28.56 100. 25.27 39.84	113.0 395.8 100. 158.1	0.715 2.504 0.633

Sep 98.15 98.54 96.05 96.23 Dec 98.32 96.65 96.25 96.37	Dec
Estimated volume 122086 (\$8867) Provious day's open int. 182636 (194533)	\$1m poi
O'S MOTIONAL MEDICAL TERM SERVICA COVT. BOND (BODL) DATESCADO 1008to of 100% "	Sep
Sep 99.95 100.09 99.82 99.95 Dec 100.11 100.13	See Den Mar
Estimated volume 15912 16656) Provious day's open int. 18434 (1833C)	301
ON RETIONAL LONG TERM JAPANESE SUVE.	Sa per l
BORD Y100m 100mm of 100%	Sep Dec Mar
Dec 110.11	Mar
Estimated volume 4496 (2068) Traded exclusivity on APT	SWISS I
12% NOTIONAL TRALIAN SUVT. 60RD (6TP) LIRA 200m 1600m of 100%	SH 123
Sep 106,12 106,36 105,76 105,35 Cac 105,67 105,73 105,34 104,90	Dec
Estimated volume 17062 (23458) Previous day's open int. 59289 (57233)	-
10% MOTERIAL SPANISH SOVE, MOND INCHOS	
Pts 20re 100ths of 100% Close High Low Prev.	9HELADI 631,250
Sap 97.75 97,75 Dec.	Strike Price
Estimated volume 0 (0) Previous day's open int. 11 (11)	1.425 1.450 1.475 1.500 1.525 1.550
THREE MONTH STEPLING * 9900,000 points of 100%	1.500 1.525
Cose High Low Prev.	
Sep 94.85 94.86 94.35 94.94 Dec 94.79 94.80 94.83 94.81 Abar 94.75 94.77 94.81 94.61 Jun 94.85 94.88 94.45 94.42 Sep 94.32 94.32 94.18 94.51	Previous Previous
Sep 94.32 94.32 94.18 94.51 E41. Vol. (Inc. figs. not shown) 100122	PARIS
(82838) Pravious day's open int. 350946 (351687)	7 to 10
THREE SONTH EURODOLLAR Sim points of 100%	Septemb
Circus Hanh Law Press	March Estimate
Dec 96.21 96.21 96.20 96.21 Mar 96.10 96.10 96.06 96.10	THREE-1
Jun 95,80 96,80 95,80 95,80 Est. Vol. (Inc. High. not shown) 378 (904) Provious day's open int, 14315 (14519)	Septemb
Provious day's open int. 1431S (14519)	March June
1 ESS 1 to contact, of 100%	Estimate
S- 04.77 07 HG 02.31 02.24	July
Dec 84.07 94.09 \$3.95 84.00 Mar 84.48 94.51 94.41 84.45 Jun 94.67 94.71 94.83 94.68	August
Sep 94.85 94.71 94.65 94.07 Estimated volume 162662 1151312) Provious day's open (nt. 854806 (884024)	Decembe
THREE MEMITY FEXU	ECI SO
ECO to points of 190%	Septemb Eath nate
Sep 93.24 93.24 93.00 92.01 Dec 93.92 93.95 93.77 93.71	остток
TOTAL 24.21 34.10 Serot Serot	Strike
Estimated volume (979) (4208) Previous day's open Int. 31893 (32268)	118 118
THREE MENTH REFO SWESS FRANC SFR In policy of 100%	122
Sep 95.58 95.62 95.48 95.51 Dec 95.60 95.81 95.76 85.76	122 Open int Estimates
Dec 95.60 95.81 95.78 85.78 May 85.98 95.08 95.91 95.92 Jun 96.83 95.80	+ AS YIS
Enterated volume 11144 (5870) Previous day's open int. 47504 (46570)	
THREE MONTH EMPOLINA PHT. NATE	
LIRA 1,000m points of 190%	BANKIN
Sep 91.17 91.18 90.95 90.87 Dec 01.80 01.63 91.45 01.40 Mar 91.92 92.00 81.82 91.72	
Jun 92.04 92.05 92.02 91.84	Capital .
Estimated volume 10456 (5324) Previous day's open lint. 77842 (77007)	Bankers
FT-GE 100 MOEX \$25 per full index pelol	Reserve
Cose High Low Prev. Sep 2944.0 2963.0 2920.0 2926.0 Onc 2960.0 2977.0 2967.0 2944.0	ASSETS
Mar 2977.0 2938.0	Advance
Estimated volume 14506 (11083) Previous day's open Int. 49945 (48558)	Premises Notes
* Contracts traded on APT. Cooling prices shows.	Coin
	10000
	UABILITY
POUND - DOLLAR	Notes in
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Scot 1-leath 3-man, 6-man, 12-dran, 1-250 1-4518 1,4754 1,4688 1-4590	ASSETS Governm Other Go
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AND OPTIONS		Money Market
LIFE BURG SWISS FRANC OFTIONS FFR 1m points of 100%	UFFE SCHO PUTURES OFFICIAL DECEMBER POINTS of 180%	Money Market
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990.0 0.02 0.13 0.44 0.53 9825 0.81 0.07 0.80 0.52 9850 0 0.02 0.82 0.72 9875 0 0.01 1.17 0.98 Edynated valente tred, Cafe 8 Ass 0 Previous day's spen ins. Cafe 2370 Puts 1040	9700 0.13 0.59 0.65 1.27 9750 0.07 0.43 1.39 1.81 9800 0.04 0.31 1.86 1.89 8850 0.08 0.21 1.85 2.36 Behmate viduos talki, Cale 13854 Para 1446 Pravizus day'a open int, Cale 121213 Para 101778	CAF Mosey Management Co Ltd 45 Pershay Rest, traderist to 2.03 45 Pershay Rest, traderist to 2.03 47 Cartan Sept 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
LIFTE ITALIAN GOVT, BOND (STP) PUTURES OPTIONS LIFE 2008 (STREET of 100%	LUTTE SHORT STERLING OFTIONS EBOO,000 points of 190%	Cont. Bd. of Fig. of Church of Engiants a Fore Servit, Langue ECTY 540 077-598 1815 Opposit 570 - 5.82 (5-88)
Strike Cass-extrements Publ-estiments Frice Sep Dec Sep Dec 1050 1.51 2.20 0.59 0.61 1.53 1056 1.77 1.91 6.55 1.74 1060 0.86 1.64 0.74 1.97 1065 0.65 1.40 1.07 2.25 1.770 1.41 1.07 2.25 1.771 1.055 0.65 1.40 1.07 2.25	Frites Cells-settlements Puts-settlements Price Sep Dec Sep Dec 9276 0.71 1.06 0.01 0.02 9400 0.48 0.63 0.08 0.04	Garlemone Manney Mannegoranak Ltd 18—16 Manyment M., London SCST 6002 071-226 1 425 1254 Days Cal Fred
1075 0.29 1.02 1.67 2.85 1080 0.18 0.85 2.07 3.18	9425 0.28 0.52 0.08 0.08 9420 0.14 0.43 0.19 0.14 9476 0.07 0.25 0.67 0.24 9600 0.03 0.17 0.56 0.28 9625 0.01 0.08 0.81 0.55	Money Market
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CHICAGO	MANUFACT AND COMP.	Green Hat CALL Inter
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Sec 115-12 118-23 .115-09 118-18 Dec 114-06 114-15 114-08 114-13 Mar 113-03 113-09 113-01 113-10	Sep 0.9656 0.9556 0.9403 (2008) 0.90 0.9671 0.8987 0.9908 0.0388 Mar 0.9875 0.9578 0.9576 0.9417 Jun 0.9439	Althon Hame Bank pic 30 Gey hand, Stry Sev. Treasury Account - for preferenced editions E20,000-0-40,000 -
Seg 112-10 171-16 711-03 111-13 100c 110-15 110-16 110-10 110-16 100-26 110-16 110-16 100-26 110-16 100-16	DELTSCHE MARK (1984) DM128.000 S per dim Latest High Low Prev. See 0.3705 0.5735 0.5704 0.5714	Security of more
LE TREASURY BILLS (IMM) Tim points of 100%	Sen 0.5705 0.5735 0.5704 0.5714 0.5714 0.5666 0.5679 0.5662 0.5665 0.5679 0.5607 0.5607 0.5607 0.5611	Affied Trust Bank Lbb 97-101 Comen St. Longon, 85-84 6AG 071-826 0578 90-804 62-001-4 7-07 6-30 7-07 Veety 1930-06 62-001-4 6-17 4-63 8-17 Veety
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BAITISH POUND (HMM) So pur E	Sep 98.94 96.87 98.94 98.95 Doc 98.22 98.23 98.20 98.25 Mer 98.09 88.11 98.08 98.11 Jun 95.80 95.82 95.79 95.82	Assertions Express Suck Ltd Susser House, Surges Ho (1915 Suce House, Surges Ho (1915 Suc O444 280444 Supple Parties Successed Account 200 120 120 120 Mg
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Letest High Low Prev. 0.6645 0.6985 8.8627 0.6922 0ec 0.8626 0.6999 0.8510 0.8503 Mer 0.86465	Sep 450.00 450.20 449.00 450.35 Dec 450.80 451.16 450.80 451.26 Mar 450.80 451.16 450.80 451.26 Jun 452.35	Barrk of Scotland De Trensheed's St. ECCP 551 Of 1-001 944 ASS 152 ASS 152 ASS 152 ASS 153 Barrk of Wales - Business Accounts Barrk of Wales - Business Accounts
		Bank of Wales - Business Accounts Inguing, Certif CF1 479 Currier Account 125,000 - 4,07 Cir Indiana Account 125,000 - 5,11 Min
MHLADELPHIA SE E/S OPTIONS EST,250 (confo per 21)		Barciarys Select PO Bus 700, Wadaupod Bg Ph., Covertry 6800 408100 22,000-039 4 30 3.20 4.30 Yearly 210,000-294-395 520 3.50 6.20 Yearly 210,000-294-395 520 3.50 6.20 Yearly 210,000-294-395 520 3.50 6.20 Yearly
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1.575 0.01 0.10 0.48 1.	08 5.13 6.01 6.97 8.15 45 7.48 8.08 8.89 10.03 80 8.81 10.36 10.96 12.04	25,500-22-1500 1300 222 350 0F
Previous day's open int: Calle 668,221 Pus 6 Previous day's volume: Calle 27,950 Puts 41, PARIS	21,604 (All currenches) 110 (All currenches)	Browns Shifting & Co 15d Foundar Dark, Losinos EC2 077—849 8633 HCC
7 to 10 YEAR 10% NOTIONAL FRENCH BOND Open Sett price Change	High Low † Yield † Open Int	Cotor Alien Ltd
September 120.84 121,12 +0.94 brownber 120.59 120.60 +0.40 surch 125.02 123.06 +0.40 submetad volume 180,220 † Total Open Interes	121,28 120,70 - 163,695 120,66 120,40 - 29,120 124,00 123,02 - 11,641 at 204,486	25 Rechi Lune, Lundon (CN 401) 450 450 1614 1614 1614 1614 1614 1614 1614 161
THREE-MONTH PIBOR FUTURES (MATIF) (Pari September 83.00 83.72 40.98	93.76 93.00 - 73,309	1 Pageanster Spot. (271-248, 4600 22-970-218,1970 4.25 3.19 4.25 alik 220,000-095,980 4.25 3.05 4.25 alik 220,000-095,980 4.76 3.05 4.86 lvin 1100,000 480,000 6.80 8.76 8.12 800
December 94.30 84.85 +0.47 North 94.77 95.03 +0.34 Tune 94.86 96.05 +0.27	94.72 94.25 - 64.002 95.06 94.75 - 38.085 94.89 94.81 - 33,747	81.000-840.399
stimated volume 117,358 † Total Open Interes AC-40 FUTURES (BAYE) Stock findex	X 220,172	Many parent compenses are available - for value phones phones and 2 (26)
uty 2082.0 2081.7 +39.7 uqust 2078.0 2715.0 +67.0	2100.0 2067.0 · 11,738 2120.0 2078.0 · 29,115	Circlescate Burst Piccible Scalefies Acc 941-245 7070 215 427 041 230 2315 427 041 230 2315 427 041 230 2315 427 041 230 2315 427 041 230 2315 427 041 230 2315 427 041
Performed 2088.0 2121.0 +51.0 (1.0) Personned 2088.0 2121.0 +51.0 (1.0) Personned Volume 64,501 † Total Open Interest	2123.0 2088.0 18,881 71,633	Condeducation Donk Lotted
CCU SONO (MATE)	114.86 114.40 · 11,457	Portract Road, Streamon, 261 300 8438 744900 81 has been seen as a second secon
ethnoded volume 3,356 † Total Open Interest	11,457	Tim Co-operative Bank PO See 300, Statements, Leves 0345 252000
Catio	Murch September December Merch	Publisher - Cord Research Accessed August Asia 8.00 Nam
16 3,12 - 18 2,20 2,20 20 1,40 1,56	0.08 0.42 0.11 0.26 0.98	Transport III — III Pay Fadica Number 120,000—————————————————————————————————
21 0.69 1.03 22 0.30 0.68 heart int 141,690 56,687 1 spirressed volume 89,903 † Total Open Interest	. 0.60 1.49 - 1.22 2.10 . 9,985 187,410 42,007 12,995 451,244	ERLOGO-EALSO 475 5.50 4.51 6-401 F. GOO-CASSO 475 2.51 2.70 6-401 F. GOO-CASSO 4.60 1.26 4.55 5-401 F. GOO-CASSO 4.00 1.00 4.55 5-401 F. GOO-CASSO 4.00 1.00 4.55 5-401 F. GOO-CASSO 4.00 1.00 4.50 1.00 4.50 F. GOO-CASSO 4.00 1.00 4.50 1.00 4.50 1.00 F. GOO-CASSO 4.00 1.00 1.00 1.00 1.00 1.00 F. GOO-CASSO 4.00 1.00 1.00 1.00 1.00 1.00 1.00 1.00
All Yield & Open Interest figures are for the p		
BANK R	ETURN	

BANK	RETURN	
BANKING OEPARTMENT	Wednesday July 28, 1983	Increese or decreese for week
LIABILITIES	5	3
Capital	14,553,000	
Public Deposits	2,006,615,861	- 754,595,701
Bankers Deposits	1,480,424,591	80,522,989
Reserve and other Accounts	3,975,784,252	+ 54,082,040
-	7,477,577,704	- 781,056,710
ASSETS		
Government Securities	1,204,197,132	+ 49,535,000
Advance and other Accounts	S,823,523,641	· 274,118,574
Premises Equipment & other Secs	443,411,754	- 651,667,741
Notes	6,224,161	4,795,278
Con	220,886	- 10,117
	7,477,577,704	761,058,710
ISSUE DEPARTMENT		
LIABILITIES Notes in circulation	17,173,775,839	+ 104,795,276
Notes to Bunking Department	6,224,181	- 4,785,278
_	17,180,000,000	+ 194,379,163
ASSETS		
Government Debt	11,015,100	
Other Government Securities	0.554,252,357	· \$4,379,163
Other Securities	10.614.732.543	+ 194,379,163
_		
	17,150,000,000	+ 100,000,000

BASE LENDING RATES

MRobert Flerring & Co ... 8

C. Hours & Co Nativestrainater _____ e
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Rodunghe Bank Ltd ... 8 Royal Sk of Scotland __6 BSmith & Willman Secs . 6

Standard Chartered 6

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Unity Trust Bank Pic... 8 Western Trust 6 Writteaway Laidlew 6 Winteledon & Sin West.7

Orbank NA

LONDON +71 329 3377 NEW YORK +212 2696636 FRANKFURT +4969 440071 FOREXIA FAX S Dm & Y An eight year track record of successful forex for Commentaries, forecasts, recommendations from Landon and New York. Tel: +44 61 9488316 tree trial details. Fax: +44 81 948 8469 FUTURES &OPTIONS TRADERS RERKELEY FUTURES LIMITE D 86 DOVER STREET, LONDON WIX 588 POR AN EPPECIENT TEL: 071 629 1188 FAX: 071 485 0022 DO YOU WANT TO KNOW A SECRET? The I.D.S. Garm Seminar will show you how the markets REALLY work. The amening trading techniques of the tegendary W.D. Garm can increase your profits and contain your losses. How? That's the secret. Fing 061 474 0080 to

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MONEY MARKETS

Flying futures

European markets yesterday made up for the complete lack of certainty about the presect hy confidently betting on future interest rate cuts, writes Stephanie Flanders.

In France, the September Pibor contract rose a full 96 basis points, closing in Europe at 93.72, while in Germany, September Euro-marks gained 13 points to finish in Frankfurt at around 93.47. Less dramatically, perhaps, trading in ster-ling futures also caught the mood, with September sterling up 8 basis points at 94.42 as the week ended.

UK olearing bank base lending rate 6 per cent from January 26, 1993

The Pibor contract's giddy rise was driven by the belief that, come what may, interest rates would be lower in France by the autumn. With the French franc still within the ERM at the end of trading, the expectation of lower rates could clearly not be reflected in lower french money market rates, which remained high

throughout the day.
"This kind of very sharply inverted curve right down the money market curve is just what you would expect," said one London-based analyst.
"Forward rates have to be much lower because we know rates will fall. But we're still in points on Wednesday.

the dark about the ERM." French and German futures were further helped during the afternoon by a Bundesbank council member's assertion that the German repo rate could fall below the official

NEW YORK

discount rate. In Frankfurt, cash rates were softened by the effect of mass central hank interventions These bave produced vast quantities of liquidity which the German authorities made no effort to remove yesterday in any issue of treasury bills. Trading in sterling futures appeared to be following events in Europe, although at least one London analyst considered the market to be

making a mistake.
"If the ERM breaks down,"
he said, "that should mean lower rates in Europe, which wili provide a stimulus to economic activity. To the exteot that it was lack of demand that worried the CBI earlier this week, I do not eee why lower European rates should signal a UK base rate cut hefore October."

On balance, the UK markets still seem to favour a cut in official interest rates between the September and December contracts, as is indicated by the spread between the two futures contracts. At the end of Friday the gap stood at around 34 basis points, compared to 25

	ONDON INTE		
111.00 a.m. Jul 30)	J months US dollars	र्व मकाविक ए	2 DONALA
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offered rates for 510ms	arithmetic means munded quoted to the market by five conal Westminister Bank, Ba	reference banks at 11 ne of Tokyo, Deutscha	.00 z.m each world Bank, Banque Notter
te Paris and Morgan G	desay note.		

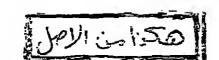
		Month	Edings	Marans	Months	Intervention
Frenkfurt	6.90-7.10 07-117 43-5	64-10.0 45-4-4		814-834 415-415	:	7 75 6.75
Tokyo	34-33	a17-833	:	812-52	:	-
Dutrilo		- 1	-			-
	LOND	M NO	ONEY	RATE	S	
Jul 30	Overrigi	nt 7 days	Month	Thuse Digrafts	Sex Montes	Ons
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000	CURPENCY MANAGEMENT DORPORATION PLD WINCHSTTER HOUSE, 77 LONDON WALL, LONDON BOSM SND TEL 071-388 SYME FACE 071-388 SMS FORESOFTE AMBRICAL DESCRIPTION 24 HOUR LONDON DEALING DESK COMPETITIVE RATES & PREE DALLY FAX SHEET CALL, FOR FURTHERS INFORMATION & BROCHARS
nds	Objective analysis & strategie for the professional investo



Merchant Retail Group PLC 6% Cum Prf 21 -70 (20Jy/20) Merchant Retail Group PLC 84% Cnv Uns Ln Ste 69/04 - 580

Lin Sitk 89/04 - 1880
Mersey Docks & Harbour Co 83/56 Red Deb Sit 94/97 - 139 (28J/93)
Mersey Docks & Harbour Co 61/56 Red Deb Sit 96/97 - 130 (28J/93)
Mersey Docks & Harbour Co 61/56 Red Deb Sit 96/99 - 130 (28J/93)
Mel

83/93 - £100 Indiano Bank PLC 10¹4 % Subord Une Ln Sik 93/96 - £101 ¹4 (28Jy83) Retand Bank PLC 14% Subord Une Ln Sik 2002/07 - £132 (28Jy83) Bibel Corporation Cum Sits of NPV - £3¹s

Mucklow(A.S. J.Kiroup PLC 131-% 1st Mag 61 (20199) Bucklow(A.S. J.Kiroup PLC 131-% 1st Mag Dab Stx 2000/05 - £122 (281)/99 NEC Flancace PLC 105-% Dab Stx 2016 -

C116 % % NEC Finance PLC 135 % Deb St 2018 -C147 4 / 142¹6 / 1 NMC Group PLC Warrants to sub for She - 74 (26.1/93) NMC Group PLC 7.75p (Net) Curn Red Crw Prf 10p - 1036) National Power PLC

(25.ye3)
Newcaste Building Society 123/5 Perm Interest Bearing Shs 21000 - 2128/40
North East Wither PLC 8.25% Rad Deb Stk 1992/94 - 2100
North of England Building Society 123/5 Perm Int Bearing (21000) - 2123/4 4

Perm Int Bearing (\$1000) - \$12334 4 North Surrey Water Co 612% Red Deb Stk 9496 - \$102

Parland Textlethioger - 25.1923)
Paterson Zochonia PLC 10% Cum Pri 81 - 201

122 4
Peel Hidgs PLC 97,% 1st Mtg Deb Sik 2011
- £103 § (28Jy63)
Peel Hidgs PLC 525% (Net) Criv Curn Nontig Pri Ct - 102 2 3 (28Jy33)
Peel South East Ld 11,625% 1st Mtg Deb
Sik 2018 - £115 / £27Jy33)
Perkins Foods PLC 8pNet; Curn Criv Red Pri
100 - 100 (28Jy67)

Perions Foods PLC appress 10p - 100 (28.1/93) Petrofine S.A. Ord Shs NPV (Br in Denom 1,5

Petrofine S.A. Ord Sits NPV (Br in Denom 1,5 & 101 - BPS02 43 60 Pittards PLC 912% Coam Prf S1 - 77 8 (26.)y43) Pentisterook Group PLC 8,75% Cnv Prf 81/ 2001 10p - 8412 512 (26.)y83) Poliphand (C.P.) Co Ld Bds S0.00 0Hong Kong Registered - 20.18 (27.)y83) Portugese Investment Fund Ld Ord S0.01 (Br) - SSC12 (26.)y83) Polipharmst Potthiums Ld Ord R0.025 - 155 (28.)y83)

Polgetersust reasonal (28JyS3)
PowerGen PLC ADR (10.1) - £28.4685

(F6U/90)
Pressac Holdings PLC 10.5% Cum Prf £1 12112 [29U/98]

1211₂ (25JySQ) Quadrant Intercontinental Fund Ld She S0.1(Eburopean She) - 21.872702 Quarto Group Inc 6.75p(Net) ChrvCumRedSh of Pkl Sk. 50.10 - 153 (25JyS3) Quicka Group PLC 10% Cum Prl £1 - 120 (25JySQ)

RPH Ld 412% Uns Ln Stk 2004/09 - 630

RPH Ld 9% Uns Ln Sik 99/2004 - £100 2 9TZ Corporation PLC 3.326% "A" Cum Pri £7 - 20 (27Jy83) Recal Electronics PLC ADR (2:1) - 56%

(27Jy93) Rank Organisation PLC ADR (1:1) - \$11.12

12.5p - 72 3 8 Peadicut International PLC 5 4/4 2nd Cum Prf \$1 - 60 (23.993) Readout International PLC 8/4/6 Lina Ln Stk 89/93 - 5100 (23.993) Rector 8 Colman PLC 5% Cum Prf \$1 - 85

254/9.7 Rugby Group PLC 6% Uns Ln Stk 93/98 • 194/2

Rugby Group PLC 7% % Una Ln Sak 83/98 -£99 (28Jy53)

Early (28,1/53)
Soatchi & Saatchi Co PLC ADR (3:1) - 57/g
Saatchi & Saatchi Co PLC 6% Crw Uns Ln
Sik 2013 - E70 (28,1/53)
Sainsbury(J) PLC ADR (1:1) - 57,11 (28,1/53)
Sainsbury(J) PLC 9% Irrd Uns Ln Sik - E93
(27,1/53)

50 50 1 1 .32 12 .68 .82 2 2 12 12 .68 3 3 .18 4

nic Hides PLC 7.25g (Net) Caw Cum

12.5p - 72 3 S

es PLC 8.25p (Net) Cum Criv Pr

ionthern Engineering Industries PLC5.375% Cum Prf £1 - 85

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information.

Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Tallsman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest charitans.

dealings.
For those securities in which no business was recorded in Thursday's

For those securities in which no custiness was recovered in missions, Cofficial List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the international Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. • Bargains done the previous day.

British Funds, etc Treasury 1514% Six 2000/03 - £1331₂ Exchequer 101₂% Six 2005 - £1201₈ 1201₈ Supranteed Export Fall Gad Ln Stk 2002(BrC1/ £130¹2 % % (26.Jy83)

Corporation and County Birminghum Corp 3% (1902) 1932(or atter) -531 (27Jy93) Lectify (27.) (27. v lan(City of) 11.5% Red Stk 2007 -Nation | National State | National State

UK Public Boards

Agricultural Mortgage Corp PLC 512% Deb Stk 83/95 - 197 Agricultural Mortgage Corp PLC 71₄% Deb Six 91/83 - 2884; (23.1)/83] Agricultural Mortgage Corp PLC 1014% Deb Six 82/95 - 21004; Port of London Aumority 31₂% Six 49/99 -280 (28.1)/83]

Foreign Stocks, Bonds, etc-(coupons payable in London) Abbey National Sterling Capital PLC1032% Subord Gtd Bds 2002 (Br £ Var) - £11112

Support Cets Both 2002 (BY E Var) - 1111/2
2 ½
Abbay Netional Treasury Servs PLC 4.75%
Gld Na 1866 (BY S Var) - 599½ (26.0/43)
Abbay Netional Treasury Servs PLC 61½%
Gld Bots 2003 (BY S Var) - 599½ (26.0/43)
Abbay Netional Treasury Servs PLC 7½%
Gld Na 1808 (BY 2 Var) - 1101½ (½
Abbay Netional Treasury Servs PLC 8% (36
Bots 2003 (BY 2 Var) - 1100½ 45 .7 .95 1
Abbay Netional Treasury Servs PLC 102%
Gld Nis 1967 (BY EVar) - 1100½ (27.0/43)
Abbay National Treasury Servs PLC 7.50%
Gld Nis 1967 (BY EVar) - 110½
Gld Nis 1967 (BY EVar) - 110½
Abbay National Treasury Servs PLC 7.50%
Gld Nis 1967 (BY EVar) - 5110½
Abbay National Treasury Servs PLC 7.50%
Gld Nis 1969(BYSC Vars) - 5110½
Abbay National Treasury Servs PLC 7.50%
Gld Nis 1969(BYSC Vars) - 5110½
1 (27.0/63)
Alfied-Lyons PLC 10½ 8 Bds
1668(BYSC0008102000) - 2110½ 1 (27.0/63)

1988(Er25000&100000) - 21105₂ 1 (27.3y83) 1988(Er25000&100000) - 21105₂ 1 (27.3y83) 1da Finemos Ld 103₄% Criv Cap Eds2005(Br £5000&100000) - 2117

8053/929 (23Jy29) ASDA Group PLC 9⁵2% Eds ASDA Group PLC 9⁵2% Eds 2002(9F2100041000) - 2104-5 (28Jy93) BAA PLC 113,16 Bds 2018 (9F 2100004100000) - 2128.2 (27Jy93) BP America Inc 8-256 (8d Nts 1998 (9F 2

BP America Inc 69.2% Gbd Nts 1996 (8° £ Var) - £1074 (23.4)33.

Barchays Benk PLC 97.8% Bdd 1996(8° £1000 1000) - £1035 (23.4)43) Berclays Bank PLC 9.675% Undated Subord Nts - £1040 100 (8° £1000 1000) - £105 (23.4)43 (8676)42 (1000 1000) - £105 (23.4)43 (8676)42 (1000 1000) - £106 (23.4)43 (8676)43 (100.6 (23.4)43 (8676)45 (8676)45 (8676)4 (27.443) Lourus 22/1/98(Br £10000) - £96 Bractiond & Bingley Building Society-Collared FlighteNts 2008(Reg Multi£1000) - £99\$2 Bristol & West Building Society 10 4 % Subord Bids 2018 (Br £ Var) - £10512 8 4 3 18

** r.**
Ermumis Bullding Society 10¹2% Bds 2000
(Br 1100008100000) - 1110¹3 (273/93)
Erlish Aerospace PLC 10¹3/6 Bds 2014
(Bx:100008100000) - 1110¹4 (281/93)
British Ges Inti Finance BV 8¹4/6 Gtd Bds
2003(BdSVara) - 588.45
Ertish Ges Inti Finance BV 8²8/6 GtdNts
1939(Bd51000,100008100000) - \$7111¹4 112
PSI-Nets

1999(9-\$1000,100008100000) - \$1114, 112 (264)/93] Fittin Gest Inti Finance BV 9% Ged 1994 (9r ECU Vur) - EC100.52 100.62 (274)/93) Sittinh Gest Inti Finance BV Zero Cpri Ged Bds 2021 (8r \$Vur) - \$11.95 (274)/93) Sitinh Gest PLC 7-5/6 Nts 1997 (Br 2 Vur) -\$102(2 (274)/93) British Gest PLC 7-5/6 Nts 1997 (Br 2 Vur) -\$102(2 (274)/93) British Gest PLC 7-5/6 Bds 2000 (Br £ Vur) -\$101.2 (264)

British Gas PLC 9 % % Bos 2008 (Br x 1 C104% (281/63) British Gas PLC 123/4 Bos 1996 (Br21000x10000) - 21084 (231/93) British Gas PLC 133% Nts 1983(B-21000&10000) - 2100.88 8 British Telecon Finance BV 812% Gtd Nts 1994 (EC1000810000) - EC10012 10078

(273/93) British Telecom Finance BV 872% Gtd 8ds 1894(8:95000) - 5104.8 104.8 (28.1/93) British Telecommunications FLC 121/4% 8ds

1894(Bristoute * 5149-3 149-3 (267)45)
British Telecommunications PLC 121/46 Bds
2006 * 21321/3 \$ \$ \$
Burman Castrol Capital-Jersey) Ld 81/24 Cnv
Cap Bds 2006 Bfog 21000) * 21391/3 40 40
Burman Castrol Capital-Jersey) Ld 91/24 Cnv
Cap Bds 2006(Bristoute) Bdy 81/24 Cnv
Cap Bds 2006(Bristoute) Bdy 81/24 Bdy 81/24
Cookson Finance NV 57/44 Bdd Red Cov Pri
2004 (Brishs 185) * 21301/2 (284/93)
Dermanifongdom of 117/34 Bdd 1994 *
2105-2 (234/93)
Dow Charnical Co Zeno Cnn Nts 30/5/
87/Britoute 10000) * 2751/6 (274/93)
EOC Group PLC 61/34 Cnv Bds
2003(Britoute 10000) * 239 (284/93)
Besporthware AS 77/34 Nts 1993(Sep 1998 bs)(Bristoute * 10000)
Elf Enterprise Finance PLC 84/9 Gdd Exch
Bds 2008(Bristoute * 10000) * 2107
Elf Enterprise Finance PLC 84/9 Gdd Exch
Bds 2008(Bristoute * 10000) * 2107
Elf Enterprise Finance PLC 84/9 Gdd Exch
Bds 2008(Bristoute * 10000) * 2107
Elf Enterprise Finance PLC 84/9 Gdd Exch
Bds 2008(Bristoute * 10000) * 2107
Elf Enterprise Finance PLC 84/9 Gdd Exch
Bds 2008(Bristoute * 100000) * 2108 1/4
Elf-274/963

Bds 2006(Br:250008100000) - £106 1₄
(27JyG3)
Brport-Import Benk of Japan 103₂% Ctd Bds
1996 (Br ECU1000810000) - £1074₆ 107.45
(25JyG3)
Far Eastern Treette Ld 496 Bds
2006(Br:510000) - \$1003₆ (25JyG3)
Finland(Republic of) 94,76 Nts 1997 (Br£ Var)
- £1073₆ (23JyG3)
Finland(Republic of) 101₄% Bds
2006(Br£1000610000) - £1125₆
Forte PLC 83₂% Bds 1997 (Br£5000) £1014₆ (23JyG3)
Finland(Republic of) 101₄% Bds
2006(Br£1000610000) - £1125₆
Forte PLC 83₂% Bds 1997 (Br£5000) £1014₆ (23JyG3)
Ruftau Ld Warrants to sub for Fujitsu Ld
Com Sit - \$131₄1
General Motors Acceptance Corp 83₄% Nbs

Fugitu Ld Warrants to sub for Fujitu Ld Com Sit. 5-313 1
General Motors Acceptance Corp 84 9: Nts 1994 (Br\$1000,100006100000] - \$104.0 104.7 (27.1)63)
Guaranteed Export Finance Corp PLC 84-% Gio Bio 2008 (Br 2 Var) - \$1082, (27.1)93)
Guaranteed Export Finance Corp PLC 103-96 Gio Bio 2001 (Br\$207) - \$1153, (26.1)939
Guaranteed Export Finance Corp PLC 103-96 Gio Bio 2001 (Br\$207) - \$1154 (26.1)939
Guaranteed Export Finance Corp PLC 103-96
Gio Bio 2001 (Br\$207) - \$1154 (26.1)939
HSBC Holdings 10000 - \$111 12, 12
HSBC Holdings Doclety 51-96 Nits 1995 (Br \$ Var) - \$105-97
Holding Building Society 51-96 Nits 1995 (Br \$ Var) - \$102-3 1024 (27.1)939
Halling Building Society 11-96 Subord Bids 2014(Br\$100003100000) - \$1107-10.008 (28.1)939
Helling Building Society Collared Fig Rhe Nits 2003 (Br £ Var) - \$100-14
Halling Building Society Collared Fig Rhe Nits 2003 (Br £ Var) - \$100-14
Halling Building Society Collared Fig Rhe Nits 2003 (Br £ Var) - \$100-14
Halling Building Society Collared Fig Rhe Nits 2003 (Br £ Var) - \$100-14
Halling Building Society Collared Fig Rhe Nits 2005 (Br £ Var) - \$100-14
Halling Building Society Collared Fig Rhe Nits 2005 (Br £ Var) - \$100-14
Halling Building Society Collared Fig Rhe Nits 2006 (Br £ Var) - \$100-14
Halling Building Society Collared Fig Rhe Nits 2006 (Br £ Var) - \$100-14 EVar) - £1137₃ 41₈ EVar) - £1137₃ 41₈ lanson Trust PLC 10% Bds 2006 (Br£5000) licitson Capital Ld 7% Cnv Cap Bds 2004 (Br\$1000&10000) - \$128 hydro-Ousbee 8 1% Debs Srs GY 8/8/ 95(Br\$1000&10000) - \$1001₈ 1₂ 294,y83) mperial Chemical Industries PLC 91, % Bd. 2005(Br\$1000&10000) - \$1091₂ (271,y83)

Imperial Chemical Industries PLC 93, % 8ds 200596-100004.1000.9 - £1091₂ (27.4)43) imperial Chemical Industries PLC 111₄% 8ds 1995(815500) - £108 (28.4)430 inter-American Development Bank 113₂% 8ds 1995(87.5)500 - £1094 (23.4)430 international Bank for Rec & Dev 91.4 5 6ds 2007 (845500) - £1094 2 (27.4)430 international Bank for Rec & Dev 101.4 8ds 1998(87.1)0004,10000) - £111.28,1)430 halfy(Republic of) 10124 8ds 2004 (87.7)0004,0000) - £111.4 5 (80.4)430 halfy(8.4)430 (87.7)434 (87.4)434 (87.7)40004,0000) - £111.4 5 (80.4)430 (87.4 C 51876 1003 - C13112 Classey)Ld 9% Cnv

Land Securities PLC 8-2% Bds
2007(8-21000.10000) - £104% (28.)y90)
Land Securities PLC 8-1% Crv 9dds
2002(8-21000) - £102% (28.)y80
Land Securities PLC 8-1% Crv 8dd 2004
(8-15000.0055000) - £115% (28.)y80)
Laemo PLC 7-1% Crv 8ds
2005(8-10000.1000) - £87% 8 (28.)y90)
Laemo PLC 8-1% Nts 1999 (8-1% Var) £103% (27.)y80)
Leods Permanent Building Society 7-1/2% Nts
1887(8-27/4) - £100% Leads Permanent Building Society 712th Na 1887(B/2Var) = 21001s Leads Permanent Building Society 1012th Subord Bds 2018 (Br CVar) = 21111s Leads Permanent Building Society Colleged Filip Rhs Na 2003 (Br 2 Var) = 21001s 100.4 (27.1ys3)

Levic Lord Primarier Element Sciolery Comments Rig Rie Nat 2000 (Er 9 Var) - \$1000-\$100.4 (27.)y93)
Levic (John) PLC 101-246 Sida 2014 (Br\$100008100000) - \$114 (Loyde Bank PLC 99-95 Subond Sida 2023 (Br £ Var) - \$1006-\$128 51-2 (28.)y93) (London Electricity PLC 99-6 Sida 2003 (Br £ Var) - \$10007-\$27.y93) (Marina & Speciarier Plc 97-346 Sida 1988 (Br £ Var) - \$101.3 (28.)y83) (National Sid Co PLC 73-96 Sida 1988 (Br £ Var) - \$101.3 (28.)y83) (National Sir Provincial Bidg Society 1046 Nhs 1997 (Br £ Var) - \$101.275 .8 (National Sir Provincial Bidg Society 31-46 Nhs 1997 (Br £ Var) - \$101.275 .8 (National Sir Provincial Bidg Society 31-46 Nhs 1997 (Br £ Var) - \$101.275 .8 (National Westminister Bank PLC 111-246 Und-SubNts £1000(Chr to Prifile) - \$11-242 (National Westminister Barte PLC 111-246 Und-SubNts £1000(Chr to Prifile) - \$11-242 (National Westminister Barte PLC 111-246 Und-SubNts £1000(Chr to Prifile) - \$11-242 (National Westminister Barte PLC 111-246 Und-SubNts £1000(Chr to Prifile) - \$11-242 (National Westminister Barte PLC 112-27), \$1000 (National SubSolia) - \$1000 (Prifile) - \$11-242 (National Westminister Barte PLC 112-27), \$1000 (National SubSolia) - \$1000 (Prifile) - \$11-242 (National SubSolia) - \$1000 (Prifile) - \$1000 (Pr

[Bx-1000, 100008 100000] - £102 (28.1y83) Pearson PLC 1012-8 (28.1y83) 2008(8x21000810000) - £1121₂ (27.1y83) Pearlinsulur & Criental Sileern New Co 44,96 Crv Bds 2002(8x210008,10000) - £131 (27.1y83) Prudential Finance BV 63,96 (3x) Bds 2007 (8x250008,100000) - £1081₂ (28.1y83) RMC Capital Ld 63,96 Crv Cep Bds 2006 (3x £5000850000) - £1181₂ 8 1₂ 1₄ (27.1y83) Rank Crysnisation PLC 63₂96 Bds 2000 (6x £ Var) - 3391₄ (28.1y83) 25 November 10 - 1718-18 12 4; (27.9789)
Fank Organisation P.C. 68-19% Bds 2000 (8r s
Var) - 239-14; (28.9/83)
Rolls-Royce P.C. 113-16 Nos 1938 (Br.
- 11000810000) - C114-12; (55
Royel Bank of Scotland P.C. 103-16; Subord
Bds 1938 (8r.25000825000) - C110-16; (28.9/83)
Rolls Personne Mides D.C. 15.5/6 School

(28.1)93) Royal Insurance Hidgs PLC 95,9% Subord Bds 2003 (Br. 2 Var) - 21045, 4, 3, (27.1)93) Sainsbury(J) PLC 123,9% Nts 1995(8):210008.10000) - 21094, (27.1)93) Sainsbury (J.)(Crennel Islands)Ld 8129(CmCepBds 2005(Br £50008,100000)

8½%Gm/GepBds 2005(Br £50008100000) 6149 £684900 6194 £684900 6194 £684900 6194 £684900 6194 £684900 6194 £684900 6194 £684900 6194 £68490 6194 £6840 61

Nts 1998 (Br 2 Var) - £102.95 3.05
Sun Allianco Group PLC 104/96 Nts 1997(Br £100.1000.63.1000/00) - £1094 (£81.96)
\$1000 - \$1004 101 (£81.93)
Sweden(füngdom of) 84/96 Nts 2003 (Reg £1000) - \$1004 101 (£81.93)
Sweden(füngdom of) 84/96 Rbs 2003 (Reg £1000) - £1055 (£71.96)
Taminac Franco (Jersoy) Ld 84/96 Cnv Csp Bds 2008 (Reg £1000) - £1024 3
Tesco PLC 84/96 Bds 2003(Br2Varn)(P/Pd-202/96) - £224 (£71.95)
Tesco PLC 104/96 Bds 2002 (Br £Var) - £1116 (£71.953)
Tesco Capital Ld 996 Cnv Csp Bds 2005(Reg E111% (27Jy93)
Teaco Capital Ld 9% Criv Crip Bde 2005(Reg £1) - £116½ ½ ¾ 8 ½ 7
Teaco Capital Ld 9% Criv Crip Bde 2005(Br5000a10000) - £116½ (26Jy93)
Thames Water PLC 9½% Criv@ubprd8ds advises/brookes/post. Event a

Thames Water PLC 91/4 Cm/SubordBds 2006(BrtS00085000) - £1324 s 3 Toyota Motor Corporation 5.825% Bds 1998 (Br 5 Var) - \$1007g (281/93) Uniterer PLC 73/% Nts 1998 (Br 5 Var) - £10714 (251/95) United Kingdom 71/4% Bds 2002(Br5Var) - \$105.98 (271/95) United Kingdom 91/4% Treasury Nts 24/1/95 (Br ECU Var) - EC102.05% Wildows PDG After Br Agency 65/94 Glid Victorian PDG After Br Agency 65/94 Glid

(Ici recu var) - Ecitozop (Iciorian Pole Athris Fin Agency 95₈% Gid Bots 1999(Br£Vars) - £1074 Weish Water PLC 104% Bots 2002 (Br Esponsa 1999a - Estable 28 2002 (Br E5000810000) - E114¹2 (28Jy83) Wootwich Building Society 1196 No 1998(8:£1000810000) - £111¹4

1936(8:C10008-10000) - £111-k
Wootwich Butking Society 115-95 Subord
Nes 2001 - £114-k (28.9/93)
Wootwich Butking Society 105-95 Subord
Nes 2017 (8: £ 2va) - £108-5 (28.9/93)
Export Development Corp \$6300m 79- Debt
Instrument 25/3/98 - £098 (25.9/93)
Swedenf\(\beta\)ingden o\(\theta\) £500m 75-2-6 Nts 3/12/
97 - £101-71 (28.9/93)
Swedenf\(\beta\)ingden o\(\theta\) £300m 996 Debt
Instruments 12/5/2003 - \$61001-2 1001-8
(27.9/93)

Corporation Stocks - Foreign Nicthercy(City of) 7% grd Stig Eds/A-0500,8-£100)A-23-5% • 058 (27)y50) Sentos(City of) 7% Cons Stig Ln of 1827/A now 23-56) - 699

Sterling Issues by Overseas Borrowers

ustralia(Commonwealth of) 11½% Ln Stk 2015(Rogi - £124¼ (27Jy33) Bank of Greece 10½% Ln Stk 2010(Regi -(Reg) - C107½ 8¹2 Europan Investment Benk 9¹2% Ln Sik 2006 - C112³s

European Investment Bank 10-1/4 Ln Sd 2004(Reg) - £117-1/2 (27.1/63) European Investment Bank 11% Ln Stk 2002(Reg) - £12-1/2 Hydro-Quobec 15% Ln Stk 2011 - £151 (23.1/63) ont Bank 103/% Ln Stk

[23.1/83] | coland/Republic of) 14¹2% Ln Stk 2015 -[149]¹2 | 2 | International Bank for Rec & Dev 9¹2% Ln Stk 2010/Reg - £113¹2 (23.1/83) | reland 12¹2% Ln Stk 2006/Reg - £133 (23.1/93) Myssy yela 10 k % Ln Stk 2008(Reg) - £114 k Zeniand 11 k % Stk 2008(Reg) - £123 g New Zealand 11476 on 11476 on

(27J)visy Nova Scatta(Province off 114,70 Lin - £128¹g Petroleos Medicanos 14¹2% Lin Stk 2008 -£122¹g (25J)visi) Portugai(Pep off 9% Lin Stk 2016(Reg) -£108¹ds 3²g la(Province of) 113,96 Ln Stk 2019 wedent/Gregdom of 9½% Ln Stk 2014(Reg) - Cl 11% (27JySS) Sweden(Gradom of) 13.5% Ln Stk 2010(Regi - £14.3 k Thristed & Tobago(Republic of) 1234% Ln Stk 2003(Br) - £108 (27.1)93) United Medican States 18 12% Ln Stk 2008(Br) - £1413 (23.1)93)

Listed Companies(excluding

investment Trusts) ASH Capital Finance(Jersey)Ld 8¹/₂% Criv Cop Bds 2006 (Reg Units 100p) - 298¹/₂ Astronomy Matayetan Growth Fand(Gayman)Ld Crit \$0.01 - \$2.8\$\tilde{9}\$-9.5372\$\tilde{0}\$ Alfons Hume International PLC 7% (Nat) Criv

Auton Hume International PLC 7% (Net) Cnv Curr Rad Prf SI - 95 Albert Fisher Group PLC ADR (10:1) - \$9.35 (261)/63 Alexton Group PLC 8.25p (Net) Cnv Curr Red Prf 10p - 64 5 Alled London Properties PLC 10.1-96 for Albert Whed London Properties PLC 103,96 1st Mtg Oeb Stk 2025 - C110 (27.Jy93)

FT-SE ACTUARIES INDICES The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 Indices and the

FT-SE Actuaries Industry Baskets are calculated by The International Stock Exchange of the United Kingdom and Republic of Ireland Umited. nal Stock Exchange of the United Kingdom and Republic The FT-Actuaries All-Share Index is calculated by The Financial Times

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Allied-Lyons PLC ADR (1:1) - \$8.33 Allied-Lyons PLC 5¹2% Cum Prf £1 - 60 [26Jy83] West-Lyons PLC 7½% Cum Prf \$1 · 61 (26Jy83) Hyons PLC 114% Deb Stk 2009 -£1285

27237g Bied-Lyons PLC 644% Uns Ln 904 - 271 (27Jy93) Ded-Lyons PLC 74₄% Uns Ln Six 93/98 -299 Alvis PLC 5.5% Cnv Cum Non-Vig Red Pri C1 - G812 (28.4)(81)
Amber Day Holdings PLC 1012 % Curn Red
Pri 99/2002 £1 - 105 (28.4)(83)
Antierican Brands Inc She of Corn Six \$3.125
- \$33 (27.4)(83)
Antierican Syles Group PLC Cnv Pri 50p - 65
20

Anglian Water PLC Stg % Index-Linked LnStk, 2009(3.1024%) - 2135
Associate British Foods PLC 5tg % Uns Ln Stk 97/2002 50p - 41tg
Associated British Foods PLC 7tg% Uns Ln Stk 87/2002 50p - 47tg
Altwoods PLC AN (5:11 - 58 tg tg
Altwoods Finence) NV 8tgp Gtd Red Cnv Prf Sp - 85 6
Automated Securitaristical PLC 552

Sp - 95 6
Automated SecurityHidgel PLC 5% Cmv Cum
Red Pr Ct - 93 (255)/930 PLC 5% Cmv Cum
Red Pr St - 95 (255)/930 PLC 6% Cmv Cum
Red Pr St - 78
Automated SecurityHidgel PLC 6% Cum 2nd
Prl St - 56 (273)/930
Automative Products PLC 9% Cum Prl St 1104 (273-66) 104 (27Jy93) A.T Industries PLC ADR (1:1) - \$65₈ .72 725 4 7 BET PLC ADR (4:1) - \$7 1₈ .145 BICC PLC 4.2%(Finly 6%) 1st Cum Pri Stk £1 - 65 6 BICC PLC 3.95%(Fmly 51₂%) 2nd Cum Prf

BICC PLU 3.55%(Phi) 2*2%) 2*20 Curi Pri Skt £1 - 60½ 2 BM Group PLC 4.50 (Net) Chr Curii Red Pri 20p - 23½ 4 48½ 5 BCC Group PLC ADR (1:1) - 510½% BCC Group PLC 4.55% Curii Pri £1 - 78½ (24.96%) BCC Group PLC 3.5% Curii 2nd Pri £1 - 58% 586 BOC Group PLC 1214% Uns Ln Stk 2012/17 - \$1314 8.S.G.International PLC 814% 1st Mag Deb Stk 52/69 - 5991; 27.1/s/03 BTP PLC 7.5p(Net) Cnv Curn Red Prf 10p -168 P.C ADR 4:1) - \$22.86 (28.1983) 87R P.C ADR 4:1) - \$22.86 (28.1983) 8ampton Property Group Ld 73, % Une Ln 53(\$196) - 253 (28.193) 8amk of Iraland/Governor & Co of) Units NCP 5tk 5rs A C1 & 59 Liquidation - \$117g (27.1983)

(27.1yC3)
Bank of Ireland(Governor & Co of) Units NCP
Stk SnA hC18hC9 Liquidation - 1211.44¢
Barolaya PLC ADR (4:11 - \$29½
Barolaya Bank PLC 8½% Uns Cap Ln Stk
85/93 - £100
Barolaya Bank PLC 12%
Uns Cap Ln Stk
2010 - £125½¢
Barolaya Bank PLC 18% Uns Cap Ln Stk 1002/07 - £145 (26Jy90) 1ngs PLC 8% Cum 2nd Pr/ £1 - 102 1ngs PLC 9-6% Non-Cum Pr/ £1 - 1225₅ Barings PLC 94% mon-3 14 % Barnato Exploration Ld Old R0.01 - 15 Semato Exploration Ld Old R0.01 - 15 (27.Jys3) Berr & Wallace Arnold Trust PLC Old 25p

Dess PLC ADR (2:1) - 514 \ Bass PLC ADR (2:1) - 514 \ Bass PLC 10\frac{1}{2}\text{% Deb Six 2018 - £118 \frac{1}{2}\text{ 9\frac{1}{2}}\ Bass PLC 7\frac{1}{2}\text{ Uns Ln Six 92/97 - £90\frac{7}{2}\ (28\)/93) Bass Investments PLC 73 % Uns Ln St/ 92/ 97 - 2091 (28Jy93) Balway PLC 9.5% Cum Red Prf 2014 C1 -11612 Bergeten d-y AS "B" Non Vtg She NK2.5 -NK147 .44

Blackwood Hodge PLC 9% Cum Red Pri C1 - 180
Blockbuster Entertainment Corp She Com
Sit \$0.10 - \$24½ ½ (25.4y83)
Shu Circle industries PLC ARR (1:11 - \$3.85
Shu Circle industries PLC 54% 2nd Deb Stx
1884/2009 - 277 (25.4y83)
Boots Co PLC ADR (2:1) - \$13.28
Brastland & Bingley Busting Society 11½6
Perm line Bearting She \$10000 - \$118½ 0½
½ 20
Brastland & Streeter Busting Schede 138%

4 4 20
Irradford & Bingley Building Society13%
Perm Int Bearing She £10000 - £133 34
Irent International PLC 9% Curn Red Prf £1
- 1091g £64y93)
Irent Walker Group PLC Whs to Sub for Ord 112 (28.1/93) Brent Walker Group PLC Var Fite 2nd Cny Red Pri 2000/2007 £1 • 7 (26Jy93) Front Walker Group PLC 8.5% 3rd Non-Curr Criv Rad 2007/10 \$1 = 25, 14 Bridgin PLC 8% Deb Sik 88/93 - 29912

Bridon PLC 8% Deb Sit 89/93 - £99/2 £23/93)
Bristol Water PLC 84/% Cum Irrd Prf £1 -£122 (264/93)
Bristol Water Hidge PLC Cird £1 - 860
Bristol Water Hidge PLC 6.75% Cum Criv
Fled Prf 1998 Sns £1 - 178
Bristol & West Bulliting Society 13% Perm Ird
Britania Bridding Society 13% Perm Ird
Britania Arways PLC ADR (10:11 - 548/9
British Arways PLC ADR (10:11 - 548/9
British Arways PLC ADR (10:11 - 548/9
British Armanys PLC ADR (10:11 - 548/9
British Armaniam FLC 10/94 Deb Sit
£2011 - £108/1, £81/93)
British Francican Tobacca Ca Ld 6% 2nd
Cam Prf Sit £1 - 65 (281/93)
British Fritings Group PLC 5.5% Cnv Red Prf
£1 - 72

h Petroleum Co PLC 8% Cum 1st Prf £1 British Petroleum Co PLC 8% Cum 1st Pri C1 - 889 Pri C1 - 889 Pri C1 - 889 Pri C1 - 98 9 (28) 939 Pritish Polythone Industries PLC 9:25% Cum Red Pri C1 - 115 1/2 British Steel PLC ADR (10:1) - 211 \$ 19 4 % 12 British Syphon Industries PLC Ord 20p • 178 Brixton Estate PLC 8% 1st Mtg Deb Stk 92/ 97 - £101 (28.)

Brixton Estate PLC 105g% 1st Mtg Deb Sik 2012 - 21175g nte PLC 1114% 1st Mtg Deb Stk 2023 - £121 (26JyS3) rixton Estate PLC 11.75% 1st Mag Deb Stk 2018 - £1247g (26Jy23) 3ulgin(A.F.) & Co PLC Ord She 5p - 20

(27Jy93) Bullers PLC 6% Cum Pri £1 - 18 (26Jy33) Bullmer(HLP Hidgs PLC 84 % 2nd Com Pri Bulmer(H.P.)Hagga PLC 912% Cum Pri 21 -120 (27.1/53)
Burst PLC 7% Crw Uns Ln Sik 85/97 - DS
Burst Castrol PLC 74% Curn Red Pri C1 75/4 6/2
Burmah Castrol PLC 8% Curn Pri C1 - 82 (260/93) 2undene investmente PLC 15% Uns Ln Stk 2007/12 - 2120 (25)y93)

Burton Group PLC 8% Cnv Une Ln Sik 1836/
2001 - 635 7

2001 - CSS 7

Buttle Mining PLC 10% (Net) Cnv Curn Red Pri 1994 10p - 1½ 2 228,993

California Energy Co Inc Sits of Com Sik S0.0675 - C10.882206 8 16,515 [22,193] Caradian Overs Pack Industr Ld Com Npv - 075 [27,193] Capital & Counties PLC 11½ % 1st Mtg Deb Sik C021 - C122.85¢

Cariton Communications PLC ADR [2:1] - S22½ [27,193]

Cariton Communications PLC 7½ % Cnv Subord Bels 2007/Red Cs0001 - C124½ 1.

Communications PLC 712% Cmv rod Bds 2007(Reg C5000) - £12414 12 (28.1/93)
Cariton Communications PLC 71₂% Cmv
Subord Bds 2007(8r £5000) - £1071₄ 1071₆
(28.1/93)
Caterpiller Inc Shs of Cum Sitk \$1 - 5771₂
Centex Corporation Shs of Com Sitk \$0.25 \$33.76 (23.1/93)
Cherter Coreolidated PLC 2p(Br) (Cpn 57) \$56 (28.1/93)

Crierter Correctionted PLC 2p(Br) (Cpn 57) - 655 (28Jy33)
Cheltenthern & Gloucester Build Soc 11 Ja % Perm Int Bearing Shis 250000 - 2119
Chillington Corporation FLC 9% Cnv Uns Lin Six 1999 - 272 5 (23Jy63)
City Bds Estates PLC 10.50% 1st Mtg Deb Six 2017 - 09312 (28Jy63)
City Ste Estates PLC 5.25% Cnv Cum Red Pri 21 - 45 (27Jy63)
Claynthe PLC 8.5% Subord Cnv Uns Lin Stx 2000001 - 287 2000/01 - 587 Javeland Rapo Holdings PLC 41₈% Red Deb Sik 88/93 - 5991₂ (27,1y93) D-Operative Bank PLC 9,25% Non-Curs Ind Pf 51 - 181₂ 9 (28,1y93) Jouan Patons PLC 81₈% Uns Ln Sik 2002/07 - 590

Coata Viyela PLC 4.9% Cum Prf £1 - 67 (26Jy83) Commercial Union PLC 8-1/16 Curn Ind Pri E1 - 118 ½ ½ Commercial Union PLC 64/16 Com Ind Pri E1 - 118 ½ Cookson Group PLC 4.944 Cur Cookson Group PLC 4.9% Pld Ord 50p - 31 Cookson Group PLC 4.9% Cum Pri C1 - 89 70 (28.)y93) 70 (28Jy93)

Zooper (Frederick) PLC 6.5p (Net) Cnv Red
Cum Phg Pf 10p - 90 (27Jy93)

Zourbaulds PLC ADR (1:1) - 58 (28Jy93)

Zourbaulds PLC 5½% Uns Ln Sik 94/96
598 (27Jy93)

Courbaulde PLC 8½% Uns Ln Sik 94/96 -

208 Countaulds PLC 7¹4% Uns Ln S8t 94/96 -036¹2 (261/963) Countaulds PLC 7¹4% Uns Ln S6t 2000/05

C981-2 (86.1)463 Courtaintée PLC 71-5% Unis Lin Stà 2000/06 - 2100 Courtaintée PLC 71-5% Unis Lin Stà 2000/06 - 2100 Courtaintée Cothing Brands Lit 71-2% Cum Pri Stà £1 - 70 (27.1)43) Coventry Statistique Society 121-3% Unidated-MandatorityCri/SubNts Reg - 21175 Crowther-Join Edward(1103) PLC 51-2% Cum Pri £1 - 60 (23.1)430 Daily Mail à General Trust PLC Cri 50 - 123 43 Dailyety PLC 4.85% Cum Pri £1 - 72 (28.1)430 Dames Estatise PLC 7.75% Criv Cum Red Pri £1 - 712 Dates PLC 61-5% 2nd Deborhame PLC 61-6% 2

PLC 614% 2nd Deb Stk 90/95 -Debenhams PLC 74 % Une Ln Sik 2002/07 -287 Debenhams PLC 714% Ues Ln Stk 2002/07 -588 Deta PLC 3.15% Cum 2nd Prf £1 - 45

Dencora PLC 6.25% Cum Cnv Red Pri &1 -93 (27J/93) Devenish(J.A.) PLC 3.85% Cum Pri Str &1 -62 Dewhurst PLC Ord 10p - 50 (26Jy93) ESystems Inc Com Shs S1 - 5437₁ (27Jy93) EMAP PLC 59: Cum Prt 21 - 54 (26Jy93) El Ora Mining&Exploration Co PLC Ord 10p -5400 540¢ lott(B.) PLC J.16% Red Cum Pr(2000)£1 -13 (201/50) Bys/Wimbledon) PLC Ord 25p - 505 English China Clays PLC ADR (2:1) - \$19.56 (271/60)

Ericsson(I.M.)/Telefonsktiebolaget/Ser 9(RegiSK10 - S441₂ SKS681₄ 60 80 .35 1₂ 1₂ 1 1 .1 2 .67 1₆ .6 S 3 .27 1₂ 1₂ 41₆ 1₆ 6.8 6 E.8 6 Essex Water PLC A Ord £1 - £11.15 (23Jy83) Essex Water PLC 10% Deb Stk 92/94 - £39 (23Jy83) Essex Water PLC 101₂% Deb Stk 94/96 -£1041₂ (23Jy83) 21041; (23)/933
Euro Danney, S.C.A. Bds FR10 (Depoentary Recepts) - 645 20 50 3 31 5 99 70
Euro Disney, S.C.A. Shs FR10 (8r) - FR56.9
7/s - 33 - 3311 . 6 9565 . 7 ½ - 83 . 92 0.09
Eurotumnel PLC/Eurotunnel SA Units (Stoovern Inscribed) - FR39½ - 35 ½ - 55 . 6
40,0925
Evered Bardon PLC 7.25p (Net) Crov Red Prf 25p - 92½
Evered Bardon PLC 3.85% Curn Prf 21 - 38 (28.1931) (38.1/93)
Evered Bardon PLC 11.2Sp Cum Red Prf 2005 109 - 1111₄
Ex-Lands PLC Warrants to sub for Shs - 18 01₄ 1₂ 1₂‡
Exceller Group PLC 11.6% Cum Prf £1 - 95 (38.1/93) Excelbiar Group PLC 11.5% Curn Prf £1 - 9 (28.1ys3) ¹ Exploration Co PLC Ord Sak Sp - 280**¢** Extel Group PLC 10¹2% Curn Prf £1 - 133

Exter Group PLC 104/2% Curn Pri 21 - 133
(27/3/83)
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6.1y33) 1 Group PLC Ord 5p - 36 (28.1y93) Forte PLC 10.5% Mtg Deb Stk 91/96 Forte PLC 9.1% Uns Ln Sik 95/2000 - €103 (27Jy93) Friendly Hotels PLC 7% Cnv Cum Red Pri \$1 Q.T. Chile Growth Fund Ltd Ord S0.01 - \$18 \(\frac{1}{2} \) General Accident PLC 7\(\frac{1}{2} \) Cum Irrd Pri £1

- 110 General Accident PLC 8½% Cum Ind Prf £1 - 116½ 20 20 General Sectric Co PLC AOR (1:1) - \$5.05 (27.)y(3) Glavo Group Ld 71, % Uns Ln Sik 85/96 50p - 49 Goode Durrent PLC 3.5% Cum Pri 50p - 20 (23.)y(3) (23.ly93) Grainger Trust PLC 11³/₄ % 1st Mtg Deb Stk 2024 • £104¹/₂ (26.ly93) Grand Metropolitan PLC 4³/₄% Cum Prf £1 -

2024 - Eller PLC 434% Cum Ph Eller S21₂ (28Jy93) Prand Metropolitan PLC 5% Cum Pri £1 - 54 Grand Metropolitan PLC 5% Cum Pri £1 - 54 (28J)/93]
Grant Portland Estates PLC 8.5% 1st Mtg
Deb Sth 2016 - £108¹4 (28J)/93].
Great Universal Stores PLC 5¹4% Red Uns
Ln Sth - 56¹4 (27J)/93]
Great Universal Stores PLC 8¹4% Uns Ln Sth 93/98 - £99 (27J)/93]
Greenste Group PLC 8% Cum Pri £1 - 107 12 (28J)/93]
Greenste Group PLC 8% Ind Uns Ln Sth - 285 (28J)/93]
Greynott PLC 9¹2% Cum Red Pri 2014 £1 - 407 1 1 2 Greycoat PLC 91276 Co. 4072 1 3 4072 1 3 Calinness PLC ADR (5:1) - 222,83450 Calinness PLC ADR (5:1) - 222,83450

Guinness Flight Globel Strategy Fd Ptg Red Prl St(1)(U.K.Fund) - 222.98 (23.)433) Guinness Right Intl Acc Fund Ld Ptg Red Prl SO.01(European Equity Fd) - \$18.23 183/53) HSBC Hidgs PLC Ord SH10 (Horry Kong Regi - SH72.35498 354983 356 A22616 A8 .82825 .853989 .98 .99 3.162575 .16925 .332552 .359 .353 .38 \(\frac{1}{2} \) 7133
HSBC Hidge PLC 11.89% Subord Bds 2002
[Rigg - £18 ½
HSBC Hidge PLC 11.89% Subord Bds 2002
(Br (Var) - £117½ (28.1)434
Halidas Budding Society 12% Perm Int Bouring Sis £1 (Reg £50000) - £125 ½
Hall Engineering(Hidge)PLC 5.55% Cum Pri £1 - 70 (28.1)439

Hall Engineering/Hidzs/PLC 5,5696 Cum err 21 - 70 (26)/939 Halma PLC 11% Cum Prf 21 - 135 Hambras Eurobondálvlong/Market Fd LdPtge-Red Prf Ipp/Managed Fund - 682,82 Hammerson Prop Inv8Dev Corp PLC Ord 25p · 333 55 250 - 333 55
indrys & Hansons PLC Ord 5p - 258 60
kratemere Estates PLC 1012% 1st Mtg Deb
So. 2018 - 2110% (27Jys3)
epoynth Cuptal Finence Ld 11,25% Cny
Cap Bds 2005 (Flag) - 135 1/4 1/2 1/6 1/2 7 1/2
kecules lice Shs of Com Sdx of NPV -380,015

1995 & Hill PLC 7% Cum Pri £1 - 70 7 High Goskerth Park PLC Ord £1 - £15 (27.793) Hill & Smith Hidge PLC 14% 1st Mag Deb Sik 2002/03 • £118 (28.793) Hillsdown Hidge PLC ADR(4:1) - \$6.3 .32 COLNEG 50.25 - 35 7 8 ons Group PLC 5.25% Cum Prf £1 -

House of Fraser Ld 814% Una Ln Sex 93/98 -Housing Prisance Corporation Ld 1112% Deb Six 2016 • C12112 .55 IMI PLC 512% Uns Ln Six 2001/06 • C7412 cost-cost (26Jy93) IMI PLC 73496 Uns Ln 9th 68/93 - 298 S Himaleyan Fund NV Ord FL0.01 - 58.4 9½ lealand Group PLC Cnv Cum Red Pri 20p -1841₂ 51₂

18412 512 Ince Engineered Products Ld 11% Deb Sik 90/2001 - £10012 (26Jy33) Industrial Control Services Grp PLCOrd 10p 138 (28Jy33) Indi Stock Eschange of UrkBep of Info¹s% Mit Deb Sik 2018 - £113 (28Jy83) Inish Life PLC Ord 150.10 - 2.2 2.205 p. 205 India November Hidden (1) Ord 53 5 telepo ardine Matheson Hodgs Ld Ord 50.25 (Hong Kong Register) - \$453,8805 4,005875 .390923 .390931 .390938 .380842 .390947

Jandine Strategic Hidgs Ld Ord \$0.00 (Hong Kong Register) - SH23.84 4.048 .1 14 .5502 5502 Jersey Bectmaty Co Ld "A" Ord 21 - 214 la Jessups PLC 7:30 (Net) Criv Cum Red Prt 50p - 90 (27Jy90) Johnson 9 Firth Brown PLC 11.05% Cum Prt C1 - 11 on & Firth Brown PLC 11% Uns Ln Stk Johnson George Geaners PLC 7.5p (Not) Cnv Curn Red Prf 10p - 158 Johnson, Matthey PLC 8% Cnv Curn Prf £1 -770 (28,950) Keppel Corporation Ld Ord \$\$1 - \$4.756 \$\$7 8 .650012 .682538 .69 Korsa-Europe Fund Ld Shs(IDR to Br) \$0.10 |Cpn 51 - \$3100 |Cpr 5) - \$3100 |Nvermer 4.5, Free A She NK12.50 - NR0561₄ |Land Socurities PLC 7¹4% 1st Mig Deb Six |81/96 - 239¹2 |Land Socurities PLC 9% 1st Mig Deb Six 96/ |2001 - \$100¹2 (27.4/93) |Land Socurities PLC 6²1% Une Ln Six 92/97 |- \$27 (23.4/93) |Laporte Amajgamation PLC 10¹4% Deb Six 94/98 - \$102 LASMO PLC 104% Deb Stk 2009 - £1131 4

LASMO PLC 103/h Deb Stk 2009 - £113/j 4 ½ (28.4/sd)
Lebowa Platinum Mines Ld Ord R0.01 - 7 (27.1/sd)
Lebowa Platinum Mines Ld Ord R0.01 - 7 (27.1/sd)
Les Valley Water Ld 71/2% Red Deb Stk 81/ 95 - £36/2
Lesda S Hobsech Building Society 131/y% Perm Int Bearing Sha £1000 - £128/2 ½ 6
Leada Permanent Building Society 131/y% Perm Int Bearing £50000 - £137/2 ½
Lewist John/Partnership PLC 5% Cum Prf 5tk
£4/s45.John/Partnership PLC 57-% Cum Prf Partnership PLC 712% Cum Prf Sort PLC 7% Criv Cum Red Prf £1 - 80

(27.Jv93) Lister & Co PLC 5% Prt(Cum(£1 - 56 (26,1/93) LIT Holdings PLC 9.47% Curn Red Pri 5p -12 (27,1/93) Lombard North Central PLC 8% Curn 1st Pri Lombard North Certail PLC 8% Curn 1st Prif C1 - 60 (27.1)(63) London Securities PLC Ord 1p - 3 1_g Loretto PLC ADR |1:11 - \$1.65 Loretto PLC 101/1% 1st Mitg Deb Sch 97/2002 - £107 1_g Lookers PLC 8% Crw Curn Red Prif C1 - 113 (28.1)(63) LowKim B Co PLC 6.75% Curn Crw Red Prif LowKim B Co PLC 6.75% Curn Crw Red Prif Mm) & Co PLC 6.75% Cum Cnv Red Pri Low(Wm) & Co PLC 6.75% Cum Cnv Red Pri £1 - 105 6 7 MEPC PLC 6¹4% 1st Mig Deb Stk 97/2002 -£107 4 (27.Jy83) MEPC PLC 12% 12t Mtg Deb Stk 2017 -

E12912 (26.N93)
MEPC PLC 9% Uns Ln Sik 2000/05 - 699
(26.N93)
MoCarthy & Sione PLC 6.75% Cum Red Prf
2003 C1 - 38 (27.N93) McCarthy & Stone PLC 6.75% Curn Red Prf 2003 Ct - 39 (271/43)*
McCarthy & Stone PLC 7% Cnv Uns Ln StA 93/04 - 128 40 2
McInemely Properties PLC "A" Ond In201.10 -100.09
Minchester Step Canal Co 5% Perp Prf 21 -255 (271/43)
Mandaire Orlental International Ld Ond S0 05 (Hong Kong Reg) - SH7.8351 - 335558 (263/43)
Martin & Spencer PLC ADD 8-11 - 519 54 this & Spencer PLC ADR (6:1) - \$30.54 Marte & Spenier (27Jy93) Marte & Spenier PLC 7% Cum Prf £1 - 80 (27Jy93) Medient PLC AOR (4:1) - £4.14\$ 4.5475\$ 5 61-\$ 2496\$ Menaest John PLC 9%, Cum Prf £1 - 111

Sciottish Metropolitan Property PLC 10¹s % 1st Mtg Deb Sik 2018 - 2100 (28,143) Sciottish & Newcestle PLC 4,6% Cum Pri St - 71 (28,143) Sciottish & Newcestle PLC 7% Cmv Cum Pri - / 1 February - 1 Socitish Power PLC ADR (10:1) - CS2.2 (25.1953) Seligram Distillers PLC 123,% Deb Stx 2012 - E132,6 12 Seers PLC 4.5% (Fmly 7%) "A" Cum Pri E1 -

588 Sears PLC 7¹4% Uns Ln Sik 92/97 - £98¹2 123 h920 Sears PLC 74/4 Uns Ln Six 92/97 - 13/92
(23.1/93)
Searsfoot Group PLC 4.55% Curn Ptg Prf St - 12/3 (27/943)
Shenghal Fund (Ceyman) Ld Ptpg She \$0.01 - 28/4
Shelf Transport&TradingCo PLC Ord She (8/)
25/9 (Cpn 190) - 630 (28.1/93)
Shield Group PLC 07/5 59 - 8/2 (28.1/93)
Shield Group PLC 6.84% (Pwit Chry Curn Red Prf St - 2/1 24 (27.1/93)
Stimon Engineering PLC 4.2% (Fmity 6%)
Curn Prf St - 20 (27.1/93)
Strone Engineering PLC 7.75% Curn Red Prf 92/97 Strone Engineering PLC 9.3% Deb Stk 92/97

NE/W7 21 - 67 Simon Engineering PLC 9¹/₂% Deb Stk 92/97 - 298 (27/y63) 800 Group PLC 11% Uns Ln Stk 82/97 - 287 (28.lySs) National Westmarster Bank PLC 9% Subord Uns Ln Ski 1983 - £100 ½ (273)953 National Westmarster Bank PLC 12½% Subord Une Ln Six 2004 - £126½ 7½ (253)93) RSJySS) other Building Society 127,1% Perm Int learing She 51000 - \$122 4, thi New Court PLC Warrants to sub for

Smith New Court PLC warrants to sub for Ord - 85 (\$3,950)
Smith New Court PLC 'A' Warrants to sub for Ord - 20 (\$8,950)
Smith New Court PLC 12% Subord Une Ln Sk 2001 - 2112
Smith (W.H.) Group PLC "8" Ord 10p - 86 8 (28.3y93) mithRine Beecham PLC ADR (5:1) -\$33.825 43 4

S33.825 4 ½ ¼ MARCH (SCI) - SMITH (SCI) - SMITH (SCI) - SSO4, 3 ½ 395 ½ SMITH (SCI) - SSO4, 3 ½ 395 ½ SMITH (SCI) - SSO4, 3 ½ 395 ½ SMITH (SCI) - SMITH (SCI Curn Pri \$1 - 85
Oporto Growth Pand Ld Ptg Red Pri \$0.01
(Br) - \$5* (23.y93)
P & O Property Holdings Ld 712% 1st Mitg
Deo Stv 97/2002 - 59012 (26.y60)
Priefic Gas & Bectric Co Bds of Com Stk \$5
- S34129
Parkland TextiletHidgel PLC Ord 25p - 210
(26.ly33)

90 (201/95)
Standard Chartened PLC 12% % Subord Una
Ln St; 2002/07 - C124 (281/95)
Subdife,Speakmen PLC 92/% Red Cum Prl
£1 - 112± 3‡ (281/95)
TR Worldwide Strategy Fund Sicar Sha NPV
(Europe Fund) - 190.61 (271/95)
TR Worldwide Strategy Fund Sicar Sha NPV
(Far East Fund) - 190.61 (271/95)
TR Worldwide Strategy Fund Sicar Sha NPV
(Far East Fund) - 190.82 (271/95)
TR Worldwide Strategy Fund Sicar Sha NPV Far East Fund; - 159.2 (27)/953)
TR Worldwide Stratung Fund Sicav She NPV Lispan Fund; - 92.56 (27)/953)
TR Worldwide Stratung Fund Sicav She NPV (Multi-Currency Bond Fund) - 139.01
TR Worldwide Stratung Fund Sicav She NPV (Multi-Currency Bond Fund) - 159.1 (23)/953)
TSB Gilt Fund Ld Pig Rad Pri 19(Claes*A* Pig Red Pri 1-108.07 (23)/953)
TSB Gilt Fund Ld Pig Red Pri 19(Claes*A* Pig Red Pri 1-108.07 (23)/953)
TSB Gilt Fund Ld Pig Red Pri 19(Claes*A* Pig Red Pri 1-10.12 (26)/953)
TSB Ord up PLC 105/95 Subord Ln Sik 2008 - 2115½
TI Group PLC 10.8759/ Cnv Curr Red Pri She Ct 1997 - 259

re PLC 11.8% 1st Mtg Deb Stk 2014 -C119-3 Tate & Lyle PLC 05-36(4.55% plus tax cred-tijCum Prf 21 - 7112 3 (28.1y83) Tate & Lyle PLC 8% Uns Ln Stk 2003/08 -

296 (284)433 Tate & Lyle PLC 10³1% Une Ln Stk 2003/08 - £106 (284)433 Taylor Woodrow PLC 9¹2% 1st Mitg Deb Stk 2014 - £103³8 stional Fund Ld Ptg Shs \$0.01 Thailand International Fund Ld Pig Sins \$0.01 (DRT's to Sil - \$149; 277)(93) Tratisiger House PLC 9½% Uns Ln Sik 2000/ 00 - £100 (28Jy93) Tratisigar House PLC 101₄96 Uns Ln Sik 2001/05 - £100 (28Jy93) Transatiantic Holdings PLC A Criv Pri 50p -£3

tarde Holdings PLC B 9% Cnv Prf \$1 - 94/20
Trustos. Finance PLC 11½% Sav Deb Sik 2016 - 21213
Urrigate PLC 4-95% Cum Pri 21 - 82½
Urrigate PLC 5% Ums Ln Sik 91/96 - 294
(27.)/93)
Unigate PLC 6½% Uns Ln Sik 91/96 - 298
Unigate PLC 6½% Uns Ln Sik 91/96 - 298
Uniterver PLC ADR (4:1) - \$57.18 (28.)/93)
Union international Co PLC 8% Cum Pri Sik 21 - 41 (27.)/93)
Union international Co PLC 7% Cum Pri Sik 21 - 42 (27.)/93) Finance FLC 11¹2% Say Deb Sik

Allon international Co FLC / 2 Control Et - 42 (27.Jy43)
Value & Income Trust PLC Warrants 89/94 to eub for Ord - 38 9 Vickers PLC 5% Cum(Tax Free To 30p)P/f Vickers PLC 5% Cum(Tax Pres To 300PT 5% E1 - 60 (23,940) Vodatore Group PLC ADR(10:1) - 245.8 \$ 694 2 - 35 70872638 .97 Wagon Inclustrial Hedge PLC 7-25p (Net) Criv Ptg Pt 10p - 122 4 (27,1/43) Walker & Staff Hedge PLC Ord 5p - 115 20 5 26,1/430)

Rector & Colman PLC 5% Cum Prt £1 - \$5
60 (28Jy53)
Read International PLC 3.15%(Finity 4½%)
Cum Red Prt £1 - 48 (28Jy53)
Regis Property Hatigs PLC 84% Gid Ums Ln
Sit 1997 - 659 (28Jy53)
Renald PLC 8% 1st Deb Sit 81/96 - 599
Rotal Corporation PLC 4,55% (Finity 8½%)
Cum Prt £1 - 68 (28Jy53)
Retad Corporation PLC 4,55% (Finity 6½%)
Cum Srd Prt £1 - 66
Royal Bank of Canada Int Cap Fd Ld Ptg
Red Prt 50,001 - 55,682 (28Jy63)
Royal Insurance Holdings PLC 74,5% Cnv
Subord Bds 2007 (Br £ Var) - £1254
C \$3,93 (26Jy83) Waterglade International Hidge PLC 7.75% Cnv Cum Red Pri 21 - 140 Welt Group PLC 10% Deb Sol 88/94 - £100 Weltcome PLC ADR (1:1) - \$10 \(\frac{1}{2} \) Welts Fargo & Company She of Com St(SS -\$114.39 tland Group PLC Warments to sub for Ord - 140 1 3 Westland Group PLC 712% Cnv Cum Prt 21 -Scentione: Hidgs PLU (125) 1999 Red Pri 20p - 87 95 (27)/99 Scantrone: Hidgs PLC 5,75% Cnv Cum Red Pri 21 - 117 (26)/93) Scottish Hydro-Electric PLC Ord 50p - 349 1 1 1 88 3 3 273

land Group PLC 12 s% Deb Stk 2008 -인20년 Whitpread PLC 4년% 1st Cum Pri Stk 인 ad PLC 612% 3rd Cum Pri Stk 21 -82 PZ7JY83

Whithread PLC 7-1/1% Red Deb Stk 83/94 -0934 Whittmatt PLC 74, % Uns Ln Six 95/90 - 259 Whittmate PLC 9% Uns Ln Six 97/2001 -£105 (264/95) Whittmate PLC 104₂% Uns Ln Six 2000/05 -£1124 (264/95) Withhead Investment Co PLC 7-12% Stepped Int 2nd Deb Str 2010 - £128 (24.433)

28JyS3)
Willis Compon Group Pt.C ADR (5:1) - 218.7©
Willis Compon Group Pt.C ADR (5:1) - 218.7©
Willis Compon St. 5:1 - 5:73 \(\) (27.4yS3)
York Winterworks Pt.C Ord 10p - 285
(28JyS3)
York Winterworks Pt.C Ord 10p - 285
(28JyS3)
Yorksther-Tyne Tees TV Hedge Pt.C Wits to set for Ord - 38

Manual & Cott Steeney Pt. C 945 Cam Pd 21 -

350 For Crit - 38 Young & Co's Brewery PLC 9% Cum Pri 21 -100 (23Jy83) Investment Trusts

Bellie Gifford Japan Trust PLC Was to Sub Ord Stas - 140 Bellie Gifford Stain Nacoon PLC Wassands to Ord Sits - 140
Bellis Gafford Strin Neppon PLC Warrants to sub for Ord - 105
Benteres Investment Trust PLC 101₂% Deb 50: 2016 - 21161₂8 g (26.1ysq)
British Assets That PLC Equities Index ULS 2005 109 - 143 (28.1ysq)
British Empire Sec & General Trust 10¹/₂% Deb 58: 2011 - 21121/g (26.1ysq)
C.S.C.Investment Trust PLC Ord 25p - 103 S 27.1ysq

13½
Dense investment Trust PLC Wts to Sub-scribe for 1 inc & 1 Cap - 43 (23Jy93)
Dundsell.crution investment Trust PLC 5%
Curn Pt Sit - 103 (27Jy93)
Edinburgh investment Titust PLC 11½% Deb Six 2014 - 1129½@
English & Scottish Investors PLC "8" 25p - no 28L-2014 00 (25.ly93)

00 (25L)/23 Fidelity European Values PLC Equity Linked Lins Ln Sik 2001 - 126 (27L)/SS Firebury Smaller Co's Triast PLC Zero Div Pri 259 - 1702 1 Flaming Japanese kw Triast PLC Was to Sub for Ord - 03 ½ 4 5 ½ 8 Gestratore Value Investments PLC 12.34% Deb Six 1935 - 21.05½ (25L)/SS Gevest Samagle Inv Triast PLC 10½1% Deb Six 2016 - 21.15½ (27L)/SS Hossour Heastments PLC Ord 21 - 320 nts PLC Ord 21 - 320

Hospur investments PLC Ord 21 - 320
Lazard Select Investment Trust Ld Ptg Red
Pri 0.19 Global Active Fund - 212.51 12.34
(23.3/93)
Lazard Select Investment Trust Ld Ptg Red
Pri 0.19 U.K. Active Fund - 212.65
(23.3/93)
Lazard Select Investment Trust Ld Ptg Red
Pri 0.19 U.K. Ugsid Assets Fund - 2100
Leveraged Opportunity Trust PLC Zer Czn
Crn Une Ln Sit 95/90 - 2114 (23.3/93)
Minersto OtseRee Site Fund Inc 30.10
S16.32 (23.3/93)
Paritus French Investment Trust PLCSers "A"
Wagnarita to sub for Ord - 33 3‡ 5 6½ 518

to to sub for Ord - 33 3‡ 5 612 .518 Warrants to sup for one - Dust PLCSers 7 72 65 Perfige French Investment Trust PLCSers *9" Warrants to sub for Ord - 261₂ 31 1‡ St Andrew Trust PLC 61₅% Cum Prf Stk -553₂ (26),963 became Trust PLC 3.6% Cum Scottish investment Trust PLC 3.5% Cum Pid Sik - £54 (27,)/93)

Scottish Mortgage & Trust PLC 594 Perp Dec Sit - 249 Scottish Mortgage & Trust PLC 69-12% Stepped introder Deb Sit 2026 - 2131 2 (26,1y63) Scottish Mortgage & Trust PLC 694-1496 Stepped interact Deb Sit 2020 - 5161 (26,1y63) Scottish National Trust PLC 1076 Deb Sit 2011 - 211012 (27,1y93) Sinkes High-Yielding Smitr Co's TstPLC Oxd Sip - 130 Sinkes Investment PLC Warrants to sub for Ord - 75 (28,1y63) Sphere Investment Trust PLC Revised War-rants to sub for Ord - 04, 18 TR City of London Trust PLC 1014% Deb Six 2020 - 211512 (28,1y63)

2020 - 2115¹2 (28Jy93)
TR Smaller Companies inv Trust PLC 10¹2%
Deb Sit 2015 - C115 (27Jy93)
Temple Ber Investment Trust PLC 7% Cum
Pri Sit C1 - 77 (28Jy93)
Truogranton Trust PLC 12 5/16% Deb Sit 2010 - 2127¹2 (28Jy83)
Whan Investment Co PLC 8¹2% Deb Sit 2016 - £101¹3

(25Jy93) FBO Holdings PLC Ord 1:00:50 - 101.8 15¹2. Total Systems PLC Ord 5p - 82

Rule 535(2) and Ld Deb 91/

95 £2000 - £107504

(27Jy93) Caponi Gening Trust PLC Ont 25p - 407 7 10 2½ 5 20 5 (27Jy93) China Irrestment & DevelopmentFd LdRed PPg Pri[PbpPc](Trams in Linits 100) - S5½ (23Jy93) (23-1)859 Remente Korea Emerging Growth FundShis \$10 (Reg Lux) - £8.8176 \$ 12 12% 12.83

Scottlish Investment Trust PLC 5% Perp Deb SB: - 249

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Ann Street Brownies Co Ld Cor Red 2nd Pd
21 - 0812 (27J)FG)
Arsenal Football Club PLC Old S1 - 2305 husch Resources PLC Ord 13th - 20.55 (27 Jys) Biocure Holdings PLC Ord 1p - 50.58 0.8 0.62 (78 Jys)

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0.62 (PRJySS) Celhoch Group PLC Ord C1 - CT-ligh Eastern Counties Newspapers 15.5% Cum 2nd Prf C1 - CT-l₂ 1.51 (27-1/93) Gun Pri £1 - £0.27 Exchem PLC Ont 50p - £3 (73Jy90)

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Hydro Hotel Eastbourne PLC Ord 21 - C1.8
(23.1y83)
ENVESCO Mile International Ld Japan Income
& Growth - C1.925 (28.1y83)
Relational Eastborghty Fund Man XS Girt Fund
- C14.99©

- £14.89¢
- £14.89¢
Gwith Inc - £2.535¢
Lawrie Group PLC Ord £1 - £16½
Lawrie Group PLC Ord £1 - £16½
Limithe Stores Ld Ord £1 - £2.6 (27.1983)
Marine & Marcantile Securities PLC Ord
http://doi.org/10.1083/p.639
Harrows Encel Marchine of March Marcantiles
Harrows Encel Marchine of March Marcantiles Mercury Fund Mandate of Manh Mercury Int. Bond Fund - 90.821 (23.4/63) Mercut Hidga PLC Crd 10p - 80.2 0.2175 (28.4/63) Mottlik International Group PLC Ord 1p -£0.36 (26.ly93)

National Parking Corp Ld Ord 10p - £4.22 4.35 Newbury Resecourse PLC Ord £100 - 52100 Pan Andeso Resources PLC Ord 1p - 50.075 Park Lane Hotel PLC Ord 25p - 5712 (26J)931

Perpetual/Jersey) Offshore Asian Str Markets - £0.716323 Perpetual/Jersey) Offshore UK Growth -92.450338© Rengers Footbell Club PLC Ord 10p - £0.95 (28Jy93) emgers Football Club PLC C Deb Sit £1500 - £1500

Ricardo Group PLC 312% (Net) Cum Red 1st Pri 21 - 20.4 (26.1/93) Ricardo Group PLC 7% (Net) 2nd Cum Pri 21 - 20.67 (26.1/93) Schroder Menagement ServicestGuerr

gSchroder European Bond - \$10,1675 10,6354 Scotte Holdons St C. Ort So - 52.5 (27.5-07)

Select Industries PLC Ord 2129 - £0.06 0.0 (24)953 Salect Industries PLC New Ord 7³29(2³2) Plegd) - 50.03 Southern Neuma Ld "A" Ord 21 - 55³4 Southern Neumapapers PLC Ord 21 - 23 Tragitur PLC Ord 5p - 50.12© 0.145© Fracker Network PLC Ord \$1 - 25.05 A.2 T V-em PLC Ord 5p - £0.17 (1.1725 (1.15 (1.19 UAPT-Infolink PLC Ord 25p - £8.87 (28.1983)

Vista Entertainments PLC Ord 5p - £0.0025 (28Jy93) Westablix Lid "A" Non.V Ord 25p - £12 Yates Bros Wine Lodges PLC Ord 25p - £112 (283/923)

RULE 535 (4) (4) Bargains marked in securities where principal market is outside the UK and Regublic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Bank of East Asia 5124 (27/7) Beach Petroleum 412 (26/7) Brown-Formen A 252.79 (23/7) Century Minist ASO,17840,13052 (260) Churchill Resources 13.0 City Developments \$\$4.2965184 (267) Cons. Exploration 4.0 Forest Labe \$31.625 Harland (John 16 \$263-6 (2677) Mogul Micha A\$0,2318 (27/7) North Flinders Mines 800 (28/7) Of Search 30,2 (28/7) .* Othit Ot & Gen 115 (28/7) Robleson A\$7 8285 (27/7) Rutgersworke DM270.5 Storer Comma, Sk340.5,342.0 Wathalia Mining Co. 7.5

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200 VIA DEL SERAPICO - 00142 ROME - TEL. 39 6/819981.

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IODINI. DESIGNING AND BUILDING. ESIGNING AND BUILDING, WITH A VIEW TO OFFERING NEW SOLUTIONS IN HARMONY WITH MAN AND THE ENVIRONMENT, A LEADER IN STATE-OF-THE-ART IDEAS AND RESULTS. PATENTS held by Todini in Italy and Europe for the adjustment of road systems to man's standards: Light-diffesion panels for tunnel lining. (n.2)811A88 - in collaboration with END: Mobile drilling equipment for the installation. of light-diffusion panels and other drilling work Transparent parabolic anti-noise borriers (n 35935890): Non-polluting cold recycling plant for the on-site regeneration of bituminous paving (n,47534A89): Explusive Dutch incense for the installation of anti-noise barriers based on live greenery (European patent n.89281452.5) ■ ENVIRONMENTAL PROTECTION WORKS MARINE AND RIVER WORKS ■ RAfEWAY WORKS ROADS, HIGHWAYS AND TUNNELS RESIDENTIAL AND INDUSTRIAL BUILDING SPECIAL PAVINGS A Company of the Comp ROAD NETWORK SAFETY TODINI COSTRUZIONI GENERALI SPA PAID-UP CAPITAL LIT. 53.000 000 000

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LONDON STOCK EXCHANGE

Equities boil over as account closes

By Terry Byland, UK Stock Market Editor

SPECULATION that the turmoli in ERM currencies will swiftly lead to interest rate cuts throughout the EC continued to drive UK shares ahead yesterday before the equity market boiled over at mid-session as the end of the trading account brought out the profit-

Although the FT-SE Index was only 8.9 points up at 2,926.5 at the close, after showing a gain of 21.9 earlier, there was no relaxation of the nertous tensions of the previous sessinn, it was a day of rumours, counter rumours and denials, mostly from currency traders, and London equity

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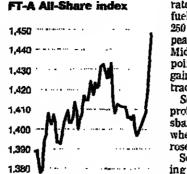
dealers went home asking themselves whather the French franc - "or the ERM" would survive the weekend. In the gilt-edged markst, hing dates added about 1/2 a point, with the shorts up about the Bank of England announced the issue of a further £1.3bn of existing bonds. After opening quietly, shares

moved strongly ahead on wide-

spread demand from home and abroad, stimulated by rumours, soon denied, that the Bundesbank was holding a "special meeting to cut Cerman rates" The drive forward again

came from stock index futures where the September contract reached a 20-point premium to trade above the existing peak of the underling cash market. However, the Footsie topped out yesterday at 2,939.5, still 17.8 below the closing peak of March 8. The second half of the session saw both futures and share prices come hack smartly.

Last night, the Footsie showed a gain of around 3.3 par cent over the two-week equity account, accounted for



entirely by this week's advance of 98.8 points as currency developments were translated into expectations of Interest

rate cuts. The excitement also fuelled gains in the FT-SE Mid 250 Index, up 33.5 to a new peak of 3,306.5 yesterday. The Mid 250 has risen by 103.6 points this week, making a gain of 2.8 per cent over the trading account.

Seaq volume, swotlen by profit-taking, jumped to 763.4m sbares from 692m on Thursday when retail or customer worth rose to £1.7hn.

Some dealers sounded warn ing hells when the market turned off so quickly yesterday. At Strauss Turnhull, Mr Ian Harnett commented that the interest rate cut apparently already factored into the market was "essential" if the Footsie was to reach his 3,000 target for this year.



TRADING VOLUME IN MAJOR STOCKS

Lloyds hit by sellers

AFTER snnouncing interim results, Lloyds Bank was left tutions. largely friendless, and tha share price was driven down 25 to 557p in the highest turnover

for several months at 9.3m. Some analysts were puzzled at the market's reaction to the figures, which they considered dull rather than too disappointing for a sector which is generally going through a tough period. At first the results were cautiously received; then a fuller slide took shape in later trading as profit-takers moved

While many specialists believe the stock in be fullyvalued at its present level, few were willing to take too negative a tack. Mr Richard Coleman at James Capel, retaining his hold stance, said: "It is still very tough in UK banking as a whole - it is nver-supplied. But Linyds still has the highest yield in the sector." One analyst said he was considering changing the recommendation on Lloyds from a switch/sell to a hold, while another added: "I don't know what people were expecting. These figures were in line with forecasts."

Analysts meet the bank on: Monday and will hold off any reviews of their gradings until

Sharelink debut ...

The first day's trading in Sharelink, the Birminghambased execution only dealer in equities and traded options, saw helty activity with 3 lm shares traded. The shares,

933.87

990.65 409.23

1587.38

-1.1 1569.42 1557.89 1535.93 1083.28 +0.5 1441.90 1426.88 1424.54 1151.28

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which came to the market st 250p, made their debut at 280p. They closed the day at 288p, after touching 299p. Nearly 4m shares were offered to the public which was 7.9 times oversubscribed. A similar amount of stock was placed with insti-

Generators firm

A preliminary inquiry into electricity industry pricing was greeted calmly by market watchers who thought that Professor Stephen Littlechild, the industry regulator, had left open sufficient options for the generators to respond positively. The relaxed tone in the market enabled National Power to climb 6 to 367p with PowerGen putting on 7 to 394p. Several regional electricity

several days - their high yields. East Midlands went up

companies moved ahead on the wave that has carried them for

NEW HIGHS AND LOWS FOR 1993

8 to 496p; Northern added 7 to 549p and Seeboard improved 6

There was more positive comment on the possible sale of Augustus Barnett, owned by Bass, to Allied Lyons' Victoria Wines. Analysts said the final nutcome was likely to involve Bass's being able to continue to supply its products through the enlarged chain. A price tag of around £45m has been put on the proposed deal by analysts. Bass put on 5 to 487p, Allied 4 to 574p.

In telecoms, Investors again shunned BT ordinary shares, which ended the day a penny down at 414%p. tioned that the rally was likely

Profit-taking left Cable and Wireless (C&W) 31/4 off at 811p. The stock had surged on Thursday on the back of a posltive message to analysts from Hong Kong Telecom, in which C&W has a majority stake. After a dramatic week in the

pharmaceutical sector, which

saw global tie-ups in the OTC markets, a \$6bn takeover in the US and the first results from Zeneca, most stocks stopped to pause for hreath. Glaxo weakened as the market

fretted over an important court case due to start soon. The shares lost 81/2 to 5471/2p. Smith-Kline Beecham declined 16 to 445p, Wellcome 8 to 687p and Zeneca 11½ to 634½p. Food retail stocks continued their recent rally, with Argyll Group leading the way. The shares closed 10 ahead at 319p. Elsewhere. Iceland gained 7 to 216p, Morrison 5 to 142p and J Sainshury 9 to 475p. How

ever, sector specialists cau-

to be shortlived as the prob-

lems hehind the recent raft of

downgrades - such as overca-

Assoc Br Foods

pacity and low inflation -

Hotel group Forte again hung back in a mostly dull leisure sector as talk of another large seller was heard. Earlier this week, one institution disposed of nearly 14m shares giving the stock's highest ever daily turnover of 29m.

Yesterday saw a more moderate 1.4m shares change hands as the stock slipped a

penny to 216p. Reports of weak European trading at Rank Xerox were said to have impacted on Rank Organisation, off 8 at 728p. Stanley Lelsure responded to some determined buying by

Schroders, the shares finishing 9 up at 243p. Nerves ahead of NatWest's interims - due next Tuesday -

557

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nded down, it indicates an	FT.SE 1	Minds, comment	COURT DROP	NAU tum SCACL SASTOLL AGES: 00.	OZI UMILI	alsolow insides of one unito	i or mo	46 J
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cut the share price by 6 to 495p. Barclays slipped back 5 FINANCIAL TIMES EQUITY INDICES to 482p in a sector generally thought to have hit the top of

 2317.6
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 227.3
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 3.98
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 Ordinary stare Ord. div yield Earning yid % full 1803.8 5.12 7.27 17.38 Building stocks with expo-P/E ratio net P/E ratio nil Gold Mines sure to Germany continued to henefit from the turmoil in the Tor 1983 Ordinary share Index since of Gold Mines index error compilation high Basis Ordinary share 17756 Page 1981 rp⁰ation, High 2317.6 30.7.93 - Jaw 49 4 26:6/40 734.7 15/2.63- Jaw 43.5 26:10.71 ERM and hopes of lower interest rates. Redland added 11 to 515p and RMC moved up 8 to

Open 9.00 10.00 11.00 12.00 13.00 14.00 15.00 16.00 High Low 2308 8 2308 6 2314 4 2323.8 2324.1 2327.2 2326 8 2320.9 2321 6 2327.7 2306 2 July 30 July 29 33,145 1707,5 38,245 639,7 16,601 812.6 16,449 360.6 41,728

to 334p and Carlton Communi-

Stocks with exposure to the French market made gains on hopes of an interest rate cut. Among these, Arjo Wiggins climbed 9 to 205p, CarnardMe-talbox 50 to 2500p and King-

MARKET REPORTERS: Christopher Price.

805p. Wolseley put on 8 to 623p

in the wake of NatWest Securi-

ties highlighting the stock as a

television takeover regulations

took their toll on television

stocks. The market moved on

comments by the heritage sec-

retary and LWT (Hdgs) pfd fell

back 8 to 475p; Anglia eased 4

cations lost 12 to 1973p.

Doubts over relaxation of

long-term quality investment.

Other statistics, Page 11

RISES AND FALLS YESTERDAY

Totals 1,080 268 1,327 4,210 1,654 7,506

its range.

fisher 17 to 634p.

Greenwich Comms Hembro Countrywide

HIRW FROME CHOIL	Nari., Pan Pacific, Shell, Total, OTHER FINCL
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EQUITY FUTURES AND OPTIONS TRADING

CHIEF PRICE CHANGES YESTERDAY

AAF Inds

another exciting trading sesslou yesterday as traders reacted to the continuing developments in the ERM currency centres, writes Terry Byland.

A premium of around 20 points on the September contract on the FT-SE Index for most of the day offered ample opportunities for arbitraging.

DERIVATIVES markets had These were readily seized but traders then found that stock in the underlying blue chips had become very hard to find. At best, September touched

> By the close, the premium on the September contract had boiled down to around 17 points against cash. On Monday, fair value will fall to 4 or 5 and any repetition of yester-

O/ & Gas.....

day's demand and stock shortage will mean a powerful squeeze on share prices.

Business in Traded Options Increased to 10.488 contracts from 36,070 on Thursday, with the Footsie option trading 12,265. British Steel (3,874) beaded the list of individual stock options. This was fol-lowed by Hillsdown on 2,307 and Land Securities on 2,100.

On the week Rises Falls 272 57 53 18

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191

London report and latest Share Index Tel. 0891 123001. Calls charged at 36p/minu	ne cheap rate. 48p at all other times.
FT-A INDICES LEADE	RS AND LAGGARDS
Percentage changes since December 31	1992 based on Friday 30 July 1993
Gold Mines Index 299,99 Property 49,35 Morchant Banks 46,47 Engineering-Aerospace 42,68 Metals & Metal Forming 2,53 Contracting, Construction 29,04 Busking Marenas 23,67 Electronics 22,97 Banks 22,35 FT-SE SmallCap 21,23 FT-SE SmallCap 21,23 FT-SE SmallCap 20,19 Insurance Brokers 19,96 Captol Goods 19,11 Investment Trusts 18,57 Engmennic General 17,69 Electronic 17,66 Victors 15,49 FT-SE Mill 250 15,49	Packaging, Paper & Printing

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Dakel - 585 - 550 - 1,550 - 1,560 - 2,340 - 1,880 - 921 - 1,230 - 685 - 1,350 - 1,580 - 497 - 1,700 - 796 - 1,200 - 1,550 - 1,50 27 LOW AUSTRIALIA AI Ordinorias (1/1/60) AI Mining (1/1/60) AUSTRIA Craft Mides (30/12/84) Tradot Modes (2/1/91) ERELGUIM BELCO (1/1/91) 1814.9 841.3 1616.4 846.0 1495.00 (13/1) 584.70 (13/1) 300.26 (14/1) 712.06 (15/1) | BELZO (1/I/91) | 1228.36 | 1300.01 | 1301.07 | 1301.48 |
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FIRELAND	CREATER	1277.5	1278.0	1251.0			
FRANCE	CAC General (28/12/90)	1299.7	1277.5	1278.0	1251.0		
FFANCE	CAC General (28/12/90)	2095.88	2036.00	1999.53	1999.11		
CAC General (28/12/90)	2095.88	2036.00	1999.53	1999.11			
CACHMANNY	CACHMANNY	1299.4	2016.6	2026.5	2026.5		
CAC MARINTY	1297.4	2016.6	2026.5	2026.5			
CACHMANNY	1297.4	2016.6	2026.5	2026.5			
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HONG SCONG	1897.6	1897.6	1636.95	1635.56	1626.95		
RELIAND	SEC Overell 1471/80	1847.64	1636.95	1635.56	1626.95		
RELIAND	SEC Overell 1471/80	1847.64	1636.95	1635.56	1626.95		
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RELIAND	SEC Overell 1471/80	1290.14	2026.56	2026.56	2026.56		
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NORWAY
Data SE Brid, CVURS
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SPAINE MALKYSIA 889.93 *(231*1) Marck Popud 19th ADT Chrysler Global Medina Brisial Myers Bar Gloo Jimen & Jimen Fed Dept Stor . lg - 1125 + la + 1 - 26 - 26 - 14 - 14 New York SE Amen MYSE leases Traded Stres Falls Unchanged New Highs New Loss 305; 205; 014 435; 414; 5514 457; 1014 367; 22 Hankyu Corp.
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-- 538
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-- 713 [우편] 우 | 1 1 1 5 5 1 7 5 7 1 2 5 7 5 2 2 2 2 5 9 | 2 454.10 454.17 452.52 453.50 488.48 (31/5) 364.10 (13/1) 2,950 1,236 730 622 110 36 2,574 917 986 671 80 50 2,564 839 1,050 675 76 775.00 (8/1) 4333.00 (19/4) 777.25 (9/6) 605.93 (8/3) 269.96 268.16 263.27 262.35 269.00 (207) 215.60 (4/1) 1205.0 1194.1 1185.0 1173.2 1203.50 (207) 879 10 (28/1) CANADA
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 292194
 2934.74
 2881.27
 3030.46 (27)

 3957.59
 3823.18
 3911.80
 3689.50
 3987.72 (27)
 904.80 p 1/1† 678.70 (11/1) TORONTO LOW 2743.31 (21/1) 3275.80 (21/1) 3088.43 (9/1) THARLAND
Barglack SET (2014/75) 908.20 904.62 908.36 883.14 998.44 (25/1)
WORLD
MCS. Capital lad.(U1/70, \$ 579.2* 577.4 571.7 571.4 579.20 (20/7)
Euro Fap-100 (26/8/90) 1086.17 1058.94 1050.36 1047.52 1066.17 (30/7) 818.84 FAR Prime magning by Sentence ...

NOTES - Prime and page and are quarted on the institute and compare and are mostly that tracked pattern. By constitution, in Description or to page and the pattern by the control of the Sentence or to page and the control or to state power or to page and the control of the Sentence or to page and the control of the sentence of the se +25 +40 +40 +10 +80 +11 -11 493 - 810 - 1,060 - 1,220 - 3,300 - 394 - 1,600 - 430 - 465 - 568 - 899

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Dow takes lead from weaker bond prices

Wall Street

US stock markets fell across the board yesterday morning on profit-taking and a sell-off in the bond market, writes Patrick Harverson in New York. At 1 pm, the Dow Jones Industrial Average was down 26.83 at 3.540.59. The more broadly based Standard & Poor's 500 was down 2.40 at 477.84, while the Amex composite was 0.45 lower at 436.14, and the Nasdaq compos-

ite down 4.60 at 702.64. Trading volume on the NYSE was 145m shares by 1 pm. The markets ended a difficult week on a downbeat note. On Thursday stocks had posted gains in spite of disappointing news on second quarter economic growth, primarily because the weak gross domestic product report led to a sharp drop in bond yields, which is always good news for equity investors.

Yesterday, however, the markets were unable to austain their upward momentum.

bond prices turned notably selling in the stock markets gathered pace. The reversal in bond prices, which pushed the yield on the benchmark 30-year bond back up to 6.6 per cent. was partly profit-taking, plus a negative reaction to an unexpected surge overnight in gold

Among individual stocks, Minnesota Mining & Manufac-turing tumbled \$2% to \$105% after the big industrial group announced e modest increase in second quarter earnings to \$331m. The stock declined in spite of e warning from the company earlier this year about their profits outlook. The big insurance group Aema also fell on earnings news, the stock slipping \$2 to \$58. Other insurers were lower.

Group down \$1 at \$90%, and Travelers \$1/4 weaker at \$81%. Walt Disney remained troubled by its recently disappointing profits report, felling another \$11/2 to \$37% in volume

with American International

Profit-taking took its toll on a variety of leading Dow stocks, including Allied Signal, down \$1% at \$69%. Eastman Kodak, down \$1/4 at \$53%, JP Morgan, \$1/2 lower at \$721/4, and Caterpillar, down \$1/2 at \$76%. Improved earnings continued to belp car stocks, with Gen-

eral Motors climbing \$% to

On the Nasdaq market, the big story was Microsoft, which mbled \$51/4 to \$731/4 in volume of 7m shares as investors reacted negatively to Toursday's late warning from the company ehout future revenue growth and about software prices, which will remain low because of competitive pressures. Several leading Wall Street brokerage houses cut their earnings forecasts following the warning,

Canada

TORONTO was supported at midsession by firmness in gold issues as the price of bullion soared on the world markets. The TSE 300 composite index

Paris at 3-year high in fevered activity

THERE was a general consensus that intense shuttle diplomacy, between Paris and Frankfurt, would take place over the weekend with an uncement on the future of the ERM coming either on Sunday or Monday, writes Our

Markets Staff. Mr Sushil Wadhwani, European equity strategist at Goldman Sachs, said a statement had to be made quickly as to how the monetary authorities intended, if indeed that was their policy, to defend the current parities. Noting that the outlook for French equities remained uncertain, he said that he favoured Spain since the Bundesbank was more

PARIS closed at its highest level since June 1990 as the opinion took hold that the ERM was on the verge of break-up. The CAC-40 index closed up 49.88 or 2.45 per cent at 2.085.88 with turnover at an all-time high of FFr11.5hn, compared with Thursday's FFr4.8hn. The CAC-40 has risen 4.5 per cent over the week. With unemployment date yesterday showing, as expec-ted, another rise, devaluation

lts and share prices closed

lower after trading within e

narrow range, writes Emiko

to 20,380.14, after a high of 20,545.75 and s low of 20,361.34,

for a week's rise of 4 per cent.

Volume totaled 350m shares

against 365m. Declines led

advances by 526 to 460, with

185 issues remaining unchanged. The Topix index of

all first section stocks closed

down 0.14 at 1,659.91. in Lon-

don, the ISE/Nikket index fell

the election of Mr Yohei Kono,

chief cabinet secretary, as the

leader of the Liberal Demo-

cratic Party, which is likely to

Speculation that the new coali-

tion government, which will be

formed next week, will imple-

ment income tax cuts in an

effort to gain support buoyed

Continued worries over con-

struction companies' involve-

ment in the spate of bribery

scandals depressed the sector.

Mr Rokuro Ishikawa, chairman

of Kajima, resigned as chair-

man of the Japan Chamber of Commerce and Industry,

although he denied any links

between the scandals and Kaj-

ima. Kaiima fell Y25 to Y790.

Hazama lost Y9 to Y465 and

Shimizu retreated Y26 to Y330.

GOLDS made strong gains as

bullion surged through \$400

an ounce but caution capped

the rally. Golds ended 110 or

5.5 per cent higher at 2,098.

industrials rose 30 to 4,598

and the overall index added 92

SOUTH AFRICA

to 4.177.

some housing and consump-

tion related stocks.

Share prices failed to react to

Foreign and individual inves-

tors were seen buying.

0.94 to 1,257.07.

The Nikkei average fell 76.71

Terazono in Tokuo.

Tokyo

likely to continue defending

the franc than the peseta.

of the franc followed by cuts in interest rates, will provide the economic impetus that is sorely needed, market com-

With nearly all stocks show-ing strong edvances, Peugeot featured a 5.5 per cent gain to

MADRID closed off its highs after profit-takers moved in on sharp gains seen early in the day. The general index finished up 1.78 at 269.96 after a day's gh of 274.03, and 3.5 per cent higher over the week. Trading volume surged to the second highest level of the year at Pta75bn, compared with an everage of Pta10bn-PTa15hn over the last three weeks.

Mr Hugh Balley, of Schroders in London, said profit-taking emerged in the last two bours of trading as currency speculators appeared to ease their heavy pressure on the French franc, which in turn took some of the pressure off the peseta.

banking sector where Banesto rose Pta125 to Pta2,170, in spite of announcing an 82 per cent fall in first half profits. LISBON moved ateadily ahead on renewed strong

Gains were locused on the

demand for blue chips and tha BTA index added 27.7 to 2,257.6, up 4.2 per cent over the

FRANKFURT managed to regain the 1,800 level by tha close, having slipped to an index rose 0.3 to 2,400.9 for a intraday low of 1,799. The DAX 2.1 per cent rise on the week.

FT-SE Actuaries Share Indices July 30 Open 10.30 11.00 12.00 13.00 14.00 15.00 Close FT-SE Eurotrack 100 1254,01 1255.11 1252.51 1250.18 1251.85 1251.02 1254.08 1253.91 FT-SE Birutrack 200 1324.34 1329.44 1326.71 1342.91 1338.49 1341.04 1343.06 1343.50 Jul 29 Jul 28 . Jul 27 1242.42 1308.99 1238.35 1238.95 1297.56 1297.42 1294.91 Baye wake 1990 Childright (Agricing: 100 - 1296.40; 200 - 1344.66 Louislay: 100 - 1249.72 200 - 1523.64.

index finally closed down 30.47 et 1,803.23, e week's fall of 1.5 per cent. Turnover was DM8bn. Among the biggest fallers wera export-sensitive stocks. sche Bank, which has ettracted positive recommendations this week on its interim results, lost DM3 to DM737.

Volkswagen lost DM7.80 to DM348.20; after the close Mr Ferdinand Plech, the chairman, said that be had offered to meet the head of General Motors

BRUSSELS rose almost 2 per cent on hopes for e realignment, with dollar-sensitive and industriel stocks making the largest gains. The Bel-20 index rose 26.35 to 1,326, up 1.5 per cent on the week. ZURICH was steady, an

interested observer of the turmoil elsewhere, and the SMI index rose 0.3 to 2,400.9 for a

a week's rise of 2.1 per cent. Turnover was A\$876.2m with

rises outpacing falls by four to

one, in the media sector News

Corp eased 1 cent to A\$8.48, while Nine Network gained 10

cents to A\$3.60. Fairfax edded 1

NEW ZEALAND broke

through the 1.800 level for the

first time since March 1990.

assisted by another sharp rise

in Telecom, which closed at a

Freding 3/2pc 199-4 ...
Camersion 8/2pc 2004.
9/2pc 2005.
17/4pc 2005.
17/4pc 2006.
18/2pc 2006.
18/2pc 2007.
18/2pc 2007.
13/2pc 19/4-8...
13/2pc 19/4-8...

Nikkei eases but Australia surges ahead

cent to A\$2.32.

"We are staying on the side lines et present, but if Germany cuts its rates, then Switzerland would follow suit. said Mr Mirko Sangiorgio, of Bank Julius Beer in Zurich. "The Swiss franc is strong so we have plenty of room to

Nestlé edded SFr4 to SFr1,049 in heavy trading in response to its purchase of Italgel, the frozen foods company,

from Sme of ftaly. VIENNA slid in tandem with Frankfurt, and ATX index ended down 21.22 at 948.59, up 1.3 per cent on the week after gains earlier in the week. . . .

AMSTERDAM saw some wild price fluctuations during session which was dominated by short-covering in the morn-ing session. The CBS Tendency index rose 0.7 to 123.0, a gain of 3.4 per cent over the week. COPENHAGEN retreated e

little on late profit-taking but

as the KFX index added 0.57 to 91.87. STOCKHOLM's Affars variden index gained 8.90 to 1,203.00 with Ericsson B shares up SKr9 at SKr373, while OSLO's all share index was up 1.5 per cent at a new year's high, closing at 531.42 in HEL-SINKI the HEX index rose 12.3

to 1,287.4.

MILAN made progress in the wake of a firmer lira and a rally in government bonds as the ERM turmoil improved the prospects of lower interest rates. The Comit index advanced 2.19 to 563.3, e rise on

the week of 1.4 per cent. Mr Nicholas Potter, of Cre dito Italiano International in London, commented that while Italy would not take the lead in a round of interest rate cut throughout Europe, it would certainly follow and that would be good for the corporate sec-

Sme shed L399 or 8.5 per cent per cent to L5,751 with the sale of ftalgel realising less than

the forecast price. ISTANBUL rose 1.2 per cent, the composite index ending up 120.97 at 10,077.60, e week's gain of 3.2 per cent. After the close the central bank governor announced his resignation. due to long-standing policy differences with Ms Tansu Ciller. the prime minister.

Shipping shares crest the wave of expectations

Christopher Brown-Humes on a return to favour

often out of fashion with investors that their advance seems all the more spectacular when they return to favour, Rarely can the trend have been as apparent as in the last few months, when the share prices of many European shipping groups have soared from the deeply depressed levels of last year.

The change owes more to the strengthening dollar and expectations of a strong recovery in freight rates and ship values than to clear evidence that such a revival is already underway. Freight rates have recovered modestly this year, more in the dry bulk sector than in the tanker sector, but are still well below the peaks of 1990 and 1991. At the same time high operating costs and financing charges continue to squeeze corporate earnings. Many shipping companies are expected to publish disappoint-

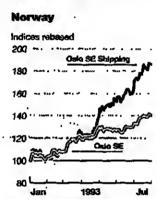
Mr Lau Svensen, analyst at Copenhagen based Fibroco, comments: "The recovery is underway but profits this year will not be much better than last. It is expectations which are driving share prices

higher.' This view is shared by Mr Mark McVlcar, analyst with London based NatWest Securities, who says investors are looking beyond 1993 results to

1994 and beyond. The Nordic region, which boasts Europe's highest concentration of quoted shipping groups, shows the effect of the recent recovery clearly. The Oslo Shipping Index this week reached 587, up 80 per cent since the start of the year, and more than double last summer's 250 level. The Stockholm shipping index is now 55 per cent up on the start of the vear. At these levels shipping shares no innger trade at a snbstantial discount to net asset value: some are even trading at a premium.

The shipping rally has been fuelled by generally improved stock market conditions thanks to falling interest rates, There has also been a preference for some of the quality stocks - companies with blue chip status and relatively mod-

ern fleets. In Denmark, for example, shares in AP Möller's DS 1912



have risen more than 40 per cent in 1993 from DKr79,000 to DKr111,500, compared to an 18.5 per cent rise for the Danish market as a whole. Bergesen, the leading Norwegian bulk shipping group, has seen its shares climb from NKr91.50

However, not all sectors of the market have been able to metch the rally put in by the bulk shipping groups. Companies exposed to the product tanker or refrigerated cargo markets have not fared nearly as well, because freight rates in these eegments are

The picture for the major liner shipping companies, such as Dutch group Nedlloyd and Germany's Hepag-Lloyd, is also much less bright because of continuing overcapacity on many major routes and worries about the state of the German and Japanese economies. Hapeg-Lloyd, for example, warned last month that it expected its

core liner shipping operations to make a substantial loss this year, with cargo volumes fore-

cast 8 per cent. Many analysts helieve shipping stocks have further to rise. Many company share prices are still well below the levels of two years ago, and the Oslo shipping index has still much ground to make up before it gets back to its 1000

peak in early 1990. Tanker market fundamentals look better than they have done for some time with low oil prices, high Opec production and a rising level of US oil imports. On the supply side too, a slowdown in new building contracting and an anticlnated increase in the scrapping of elderly tanker tonnage suggest freight rates should rise substantially in the mid-1990s, provided the world economy does not slow down. With increased environmental and quality concerns, it may be the

tonnage who benefit most. But there is reason for caution too: there have been too many false dawns in the shipping markets in the last few years, with those expecting major scrapping activity frequently frustrated by owners' vessel life extension programmes. Evidence that rates are rising strongly is bound to make owners reluctant to com-

mit ships to the scrapyard. While most commentators do not expect a major downward correction, they believe further gains will require evidence of rising freight rates and ship values soon. "A further eppreciation in shipping shares must either be based on an actual rise in ship values or a presumption in the stock market that this will happen in the not-too-distant future," says Harald Moraeus Hanssen, maneging director of Oslo-besed Fearoley Fonds. If such evidence is not forthcoming by the end of the year, the market

could slip into reverse.

issue of the day, jumped Y10 to Y28 on reports that Namco, e EARLY gains which followed video game maker, was considarbitrage buying were eroded when investment trusts and ering extending financial aid to the bankrupt movie maker. financial institutions took prof-

Namco fell Y70 to Y3,660. In Osaka, the OSE average closed up 77.79 at 22,464.15 in volume of 12m shares.

Roundup

THE Pacific Rim saw further

AUSTRALIA soured to post-1987 crash highs after the Reserve Bank eased monetary policy and gold bullion rose beyond US\$400 an ounce. The All Ordinaries index ahead as investors bought blue closed 15.5 higher at 1,844.0, for chips, particularly in the utili-

record high, up 14 cents et NZ\$3.68, following Thursday's good first quarter results. The NZSE-40 index finished 33.73 higher at 1,816,04 in turnover

HONG KONG moved firmly

ties sector, and the Hang Seng index ended 89.03 or 1.3 per cent higher at 6,988.96, for a weekly rise of 3.5 per cent. Turnover dipped to HK\$2.78bn compared with Thursday's

MANILA rebounded on strong buying of blue chips and mining issues. The com-posite index gained 12.68 to a record high of 1,751.21, up 2.5 per cent on the week. Turnover vas strong at 675m pesos. TAIWAN reversed early

gains to close moderately lower in thin trade after the central bank cut its secured loan rate by 50 basis points after Thursday's close.
The weighted index, which

had risen some 20 points in

LONDON SHARE SERVICE

early trade, soon fell back, anding 28.42 down at 3,991.20, off 0.8 per cent on the week. Turnover was T\$12.75n against Thursday's T\$13.65n.

Many brokers said that the rate cut was positive, confirm-ing the central bank's commitment to a monetary easing that began in April; but investors were disappointed that the central bank did not do more.

JAKARTA saw activity rebound with heavy trading in several liquid stocks which took the official index 2.67 higher to 356.72

BOMBAY moved sharply higher in spite of end-of-session profit taking by speculators and the BSE index rose 99.4 to 2,332.14.

OTHER FIXED INTEREST

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

IATIONAL AND IEGIONAL MARKETS	THURSDAY JULY 29 1993 . WEDI								WEDNESDAY JULY 29 1993				DOLLAR INDEX			
Figures in parentheses show number of lines of stock -	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div Yald	US Dollar Inder	Pound Sterling Index	Yen Index	DIM Index	Local Currency Index	1993 High	1993 Lew	Year ago tapproxi
ustralia (69)	139.77	+0.4	139.40	93.83	126.04	137.59	+0.5	3.65	139.16	138.23	92.63	124,44	136.84	144.19	117.39	142.7
ustria (17)	159.49	-0.5	159.07	107.07	143.82	142.98	-0.1	1.36	180.32	159.26	106.72	143.37	143.11	180.59	131.16	154.0
leigium (42)	144.26	-2.1	143,88	96.84	130.09	128.78	-0.3	4.44	147.31	146.33	98.04	131.72	129.14	156.76	131.19	146.6
anada (108)	125.94	+0.4	125.51	84.54	113.56	117.41	+0.7	2.87	125.39	124,56	83.46	112.12	116.54	130.38	111.41	128.2
enmark (33)	211.67	+1.0	211.11	142.10	190.88	194.33	+1.9	1.18	209.57	208.18	139.50	187,41	190.62	225.64	185.11	239.5
inland (23)	101.19	+0.1	100.92	87.83	91.25	124.12	+0.4	0.96	101.27	100.50	67.41	90.58	123.59	101.27	86.50	89.7
rance (97)	153.87	+0.9	153,46	103.28	138.74	143.00	+2.1	3.21	152.42	151.41	101.45	136.29	140.05	157.36	142.72	158.4
	115.02	-0.9	114.72	77.22	103.72	103.72	-0.1	2.04	116.06	115.29	77.26	103.78	103.78	117.10	101.59	120.3
long Kong (55)	278,42	-0.3	275.69	185.56	249.27	275.23	-0.3	3.45	277.27	275,43	164.56	247.96	276.06	301.61	218.82	242.7
eland (15)	157,94	-1.0	157.53	106.03	142,43	160.11	+0.1	3.44	159.55	158,49	106.20	142.68	159.95	170.40	129.28	158.7
aty (70)	68.97	+0.5	68.79	46.30	62.19	82.91	+0.1	1.96	69.39	68.93	45.18	62.05	82.80	72.82	53.78	61.4
apan (470)	155.51	+1.5	155.11	104.40	140.25	104.40	+2.3	0.80	153.29	152.27	102.03	137.09	102.03	155.96	100.7S	92.4
	349.18	+0.1	348.26	234.40	314.87	344.88	+0.2	1.97	348.68	346.36	232.08	311.79	344.11	349.34	251.66	241.6
lexico (19)			1578.16			5393.38	~1.4			1592.99					1410.30	1385.1
etherland (24)	187.62	-02	167.18	112.52	151.16	149.18	+0.6	3.86	167.94	168.83	111.78	150.18	148.28	172.75	150.39	161.1
lew Zeafand (13)	54.18	+0.8	54.05	36.38	48.87	52.22	+0.9	4.27	53.71	53.35	35.75	48.03	\$1.74	54.19	40.55	44.8
orway (22)	157.21	-1.4	156.80	105.54	141.77	158.23	+0.5	1.67	159.42	158.38	106.11	142.56	159.09	166.21	137.71	171.7
ingapore (38)	250.85	+0.3	250.18	168.40	226.21	186.64	+0.4	1.86	250.06	248.40	186.45	223.61	185.87	262.72	207.04	208.5
outh Africa (60)	209.58	+0.4	209.02	140.69	188.98	205.90	+1.1	2.49	208.74	207.38	138.94	186.66	203.72	211.77	144.72	204.4
	117.85	+0.8	117.54	79.11	106.27	127.04	+1.6	4.61	118.78	117.99	79.06	106.21	124.99	132.82	115.23	139.2
weden (36)	170.18	-1.7	168.74	114.25	153.47	207.60	+0.3	1.62	173.1S	172.01	115.26	154.85	207.00	184.06	149.70	187.5
witzerland (50)	127.14	-0.9	126.80	85.35	114.66	120.18	-0.2	1.81	128.28	127.42	85.39	114.72	120.44	129.36	105.91	112.0
	176.37	+0.7	175.91	118.39	159.03	175.91	+1.1	3.95	175.09	173.93	118.53	156.55	173.98	181.99	152.00	183.6
SA (520)	184.16	+0.5	183,67	123.63	166.07	184.16	+0.8	2.77	183.00	181.79	121.82	163.65	183.00	186.27	175.38	172.5
urope (751)	145.10	+0.0	144.72	97.41	130.85	140.84	+0.8	3,17	145,05	144.08	96.55	129,71	139.57	149,02	133,92	147.7
ordic (114)	162.69	-0.8	162.26	109.21	146,71	172.12	+0.6	1.44	1E4,12	163.02	109.24	14€.78	171.02	171.77	142.13	175.2
actic Basin (714)	158.47	+1.5	158.06	106.39	142.91	110.76	+2.1	1.06	156,44	155.40	104,13	139.90	108.51	159.07	105.89	99.2
uro-Pacific (1465)	152.87	8.0+	152.47	102.61	137.84	123.38	+1.6	1.89	151.65	150.64	100.93	135.50	121,48	154.05	117.26	118.8
orth America (828)	180.53	+0.6	180.06	121.21	162.63	179.62	+0.6	2.78	179.42	178.23	179.44	160.47	178,48	182.33	171.51	169.8
	125.67	-0.4	125.33	84.38	113.34	120.4S	+0.5	2.64	125.22	125.38	84.03	112.89	118.70	128.65	112,51	126.0
	168.29	+0.1	187.80	126.42	169 81	174.21	+0.2	3.18	188,10	186.85	125 <u>.22</u>	168.22	173.93	194.08	152.70	167_1
	153.42	+0.8	153.02	103.00	138.35	125.41	+1.5	1.91	152.26	151.25	101.35	135.16	123.53	154.27	118.51	120.9
	181.38	+0.7	160.93	106.33	145.52	140.35	-1.2	2.06	180.22	159.16	106.65	143.29	138.70	161.36	134,22	133.0
	162.48	+0.7	162.05	109.08	146.53	143.10	+1.2	2.23	161.32	160.25	107.39	144.27	141.43	162.74	137.29	137.0
forld Ex. Japan (1702)	168.55	+0.4	168.10	113.15	152 01	165.33	+0.7	2.81	167.93	166.81	111.79	150.19	164.25	170.05	1\$7.47	162.3
he World Index (2172)	162.70	+0.7	162.27	109.23	146.73	143.63	+1.2	2.24	161.55	160.48	107.53	144.47	141.95	162.86	137.32	137.4

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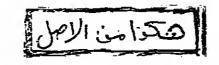
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6.7 | 7.7 | 6.8 | 6.7 | 7.7 | 6.8 | 6.7 | 7.7 | 6.8 | 6.7 | 7.7 | 6.8 | 6.7 | 7.7 | 6.8 | 6.8 | 6.7 | 7.8 | 6.8 | 6.8 | 6.7 | 7.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 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FINANCIAL TIMES WEEKEND JULY 31/AUGUST ! 1993



FINANCIAL TIMES

Weekend July 31/August 1 1993



Bosnian adversaries accept UN's plan to divide republic

INTERNATIONAL mediators yesterday achieved a breakthrough when Bosnian President Alija izethegovic caved in to intense pressure and approved the division of Bosnia into three republics as part of a settlement to end the 16-month war.

On the fourth day of negotiations in Geneva, peace envoys said they bad arranged an agreemeot between Mr Izetbegovic and his Serb and Croat

Mr John Mills, the UN's Geneva talks spokesman, said the three main adversaries of the Bosnian crisis had backed the "constitutional agreement for the union of republics of Bosnia and

Mr Slobodan Milosevic, Serbian

ment. "It completely affirms Srpska Republika," be said in reference to the self-styled Serbian state which covers 70 per cent of

The agreement appeared to favour the Serb and Croat plan to form their own ethnic ministates. At the same time, it sig-nalled the defeat of the Bosnian government platform of preserv-ing a federal, united state. Mr Mills said the parties would

meet over the weekend to hammer out the details of the plan. The three sides bave yet to decide on the maps delineating the territory of the three ethnic republics. Mr Mirko Pejanovic, a Serbian member of the Bosnian leadership, said the map negotiations would be the "most diffi-

Mr Izetbegovic, who has consis-tently rejected the ethnic parti-

meeting without comment. He is likely to play down the signifi-cance of the agreement.

Asked if the deal meant ethnic

division, Mr Pejanovic said: "It is a heavy price. But it is one we bave to pay if there is to be

A UN official said the agree ment had not been changed sub-stantially from the proposal sub-mitted by Lord Owen and Mr Thorvald Stoltenberg, the inter-national mediators. Croatian President Franjo Tudjman, who has attended the peace talks along with Mr Milosevic, yesterday welcomed the agreement.

The deal gives a weak central government control over foreign affairs and international trade. Mr Kasim Trnka, a Bosnian constitutional expert, dismissed the plan as "not even a con-

Mr Mills said the agreement was reached "after intensive discussion on a number of drafts, with amendments agreed by all three parties".

As the negotiations entered their fourth day, one Spanish sol-dier was killed and 17 wounded when shells pounded a UN barracks in Jablanica, south-west of Sarajevo.

The three commanders of the warring parties met yesterday at Sarajevo airport and agreed to implement a ceasefire, following orders from their political leaders

to cease hostilities.
In a letter yesterday to Mr Boutros Boutros Ghall, UN secretary-general, Mr Karadzic appeared to concede that his troops were responsible for an earlier shelling of a UN base in

Major firm on fuel VAT

Continued from Page 1

Conservative voters in Christchurch rekindling speculation about a possible challeoge to Mr Major's leadership, Mr Douglas Hurd, the foreign secretary, led a concerted attempt to emphasise that economic revival would soon bring a recovery in the prime minister's fortunes. Mr Hurd admitted the government needed to do better in the way it dealt with the difficult questions: "We have to listen, to decide, to persuade - and we have to improve our performance on all three."

Mr Ashdown said that by giving his party such a success Christchurch had iet out 'a shout of rage" for the people of Britain about the government's policies. It was not simply another one-

off by-election victory, be insisted. "If the Conservatives continue to do what they have done already today, which is to treat this with some complacency, not to say con-tempt. they will seriously underestimate the message of this by election.

He echoed the words of Mrs Diana Maddock, the winning can-didate, to the prime minister: "Change your policies or get ready to change your job."

Lloyds Bank Share price relative to the FT-A Banks Index 740 -

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THE LEX COLUMN

A faulty mechanism

22- / 23

cuts rates substantially, so would the

UK. Lower rates might tempt more

cash out of deposits and into equities,

yet the demanding rating of the mar-ket will make upward progress diffi-

Besides, any fall in rates would only

offset an effective monetary tightening

from the exchange rate. Overall, the

pace of economic growth might not be

much affected, though its composition

would be tilted away from exports

towards domestic consumption. If the shift became pronounced, enthusiasm

for overseas earners and export manu-

facturers would wane, while dowdy

Perhaps the most depressing aspect

sions down 4 per cent despite a 5 per

cent fall in costs. Lloyds blames weak

loan demand and the lower income

earned on its interest-free liabilities as

a result of lower base rates. But its

high return targets make life particu-

larly hard in such difficult markets.

They may have caused the bank to

forgo some lending opportunities, for

example in the mortgage market

where other banks have been taking

business from the building societies.

Nor do accounting changes under new European Community rules help.

While £120m of last year's first half

group operating income disappears in

the restatement, the cost income ratio

rises to 65.5 per cent and the tier one

capital ratio is suddenly a mere 6 per cent. In short, Lloyds starts to look

once again find a place in the sun.

Lloyds Bank

The ERM is clinging to life, but there can only be limited hope of remission. There have long been only two ways of laying European currency tensions to rest. Either Germany changes its mind on interest rates, which seems ever more remote given the weakness of its bond market and of the D-mark against the dollar and the yen, or France leaves the system so that it can cut interest rates sharply enough to revive its recession-bound economy. Perhaps the political capital at stake is too great for European governments to grasp this nettle. Perhaps they are simply too stunned by the extent of the crisis that has enveloped the sys-

Technical adjustments like a unilateral upward revaluation of the D-Mark or a widening of bands within the system could never be anything other than a temporary solution. As long as the interest rate problem is not addressed the markets will quickly resume their attack. As this thought sinks in those involved must turn their attention to who receives the blame. It would be some consolation for France if the ERM failed because Germany's fears for its own money supply forced it to withdraw intervenion support for the franc.

Indeed the Bundesbank looks to have lost in terms of credibility. Its failure to appreciate the international consequences of Thursday's refusal to cut its discount rate appears naive. Conflicting statements by Bundesbank council members yesterday over the conduct of day-to-day money market operations underline the disarray at the top. Independent central banks are fine as long as they are perceived to be in control. Markets have grounds to worry when they are not.

UK equities

The ERM's travails doubtless provoke smug satisfaction within UK government circles. Yet while ministers are struggling desperately with the urge to yell "I told you so", they might also have an eye to sterling's appreciation. As the CBI warned this week, a rising currency will damp down export prospects - particularly if the ERM finally disintegrates and some currencies fall sharply.

The equity market, bowever, has

been buoyed by the notion that UK interest rates are on the way down regardless. Should Germany change tack and cut rates to save the ERM, Britain would follow to slow sterling's rise. If France leaves the system and

much more like an ordinary bank and one with a strategic problem to boot. Certainly the stock market seems FT-SE Index: 2926.5 (+8.9) less impressed by Mr Brian Pitman's magic touch as chief executive. The shares fell over 4 per cent yesterday even though LLoyds reported a net return on shareholders' equity of 21.3 per cent. If Mr Pitman really believes future growth opportunities will be limited by a non-inflationary environment, he should be rushing to pay surplus cash back. Ambivalence on this score suggests he is still tempted by the acquisition route to growth. A

weak share price will not make that

UK electricity

approach any easier.

Students of conspiracy theory and watchers of smoke-filled rooms will be busy deconstructing Professor Stephen Littlechild's threats to the electricity generators this weekend. The testy tone of the regulator's comments suggests he is losing patience with the generators which, despite four investi-gations, have continued to push prices up in the 'spot' electricity pool. If Offer's investigation concludes that the generators' margins are too high, an investigation by the Monopolies and Mergers Commission would natu-rally follow.

But it may be that the generators would like to provoke Offer into a decision on a possible MMC referral while the government still holds 40 per cent stakes in both companies. The shares were due to be sold next domestic sectors like stores might spring to help fund the PSBR. Any MMC referral would delay that and might damage the value of the holdof Lloyds interim figures is the results of its retail bank. The limits to growth show clearly in profits before proviings. Pressure from the Treasury to avoid a referral would thus be intense, as the generators are doubtless aware. Whatever the politics, the two most likely grounds for referral to the MMC

are charges of profiteering or market power. Evidence for excess profits will have to wait for the results of Offer's investigation, though the upward drift in prices is disturbing. On market power there is a clear case for referral. While the generators' overall market share is falling, they are losing out to nuclear power and shortly to new gasfired plant, both of which operate as base-load electricity. The marginal segment of the market, which deter-mines the price, remains firmly in the hands of the companies. Whether that will be enough to call the government's hand in such a high-rolling game of political poker remains to be

Electricity regulator calls for reform of power market

By Michael Smith

THE electricity industry regulator, Professor Stepben Littlechild, is to decide this year on whether to refer the UK's two main generators to the Monopolies and Mergers Commission after calling yesterday for signifi-cant reform in the power trading market

His deliberations on the monopolies referral will cast doubt on ministers' plans to raise £5.5bn from privatisation sales in 1994-5. The government would probably be forced to postpone plans to sell the state's 40 per cent stakes in PowerGeo and National Power, worth £3bn, next year II the companies were

Prof Littlechild's move to bring forward a monopolies decision, previously expected in 1995, follows a two-month inquiry into price rises in the electricity wholesale pool where all power in England and Wales is traded. He said the generators' ability

to raise prices, a primary cause of the pool increases, was a matter of widespread concern.

pool's pricing mecbanism. He said it should be simplified and more attention should be paid to customers' needs. The pool needed to think "less about central planning and more in terms of what the market needs to work effectively". He also urged changes in responsibilities between the pool and the National Grid, and backed proposals which would allow large customers to bypass the pool and

buy directly from generators. This year's pool selling prices, up 20 per cent on last year, have bit hard the more than i,000 large industrial customers, such as Imperial Chemical Industries, which buy directly from the pool.

Domestic and commerciai users have escaped unscathed because they are covered by long-term "bedging" contracts between electricity companies. Prof Littlechild warned yesterday that their prices would be affected in future as new contracts would take account of pool price changes.

ICI yesterday criticised the regulator for "taking no firm action" to correct problems he had identi-Prof Littlerhild criticised the fied or compensate those compa-

nies which had paid for the price deficiencies. "His conclusions are limited to exhortations to others to consider action, coupled with veiled threats of a reference to the Monopolies and Mergers Commission," the company said. In his report Prof Littlechild said the size of the increase was

Power than PowerGen. National Power said yesterday it was not easy to defend a rising price during a recession but said its prices were oot excessive.

more attributable to National

The company said pool customers had been enjoying artificially low prices for some time. Most of those customers now suffering were those who previously enjoyed subsidies. PowerGen said pool prices

were not too high when judged against its need to provide a return on capital and sustain long-term investment. Mrs Margaret Thompson, pool chief executive, said an internal review of operations was already making progress in areas flagged by the regulator including simpli-

fying trading arrangements.

Future of ERM hangs in the balance

Continued from Page 1

Monetary officials observed that Bundesbank interventions on behalf of the franc risked an inflationary bloating of Germany's money supply, as during last September's ERM crisis which led to the forced exit of

sterling and the lira. Other officials said "all options" for saving the ERM were being discussed by monetary authorities in the EC. These included proposals for widening the bands of fluctuation between the "strong" EC currencies, but

Mr Pedro Soibes, Spain's finance minister, said be favoured some contact between the ERM nations this weekend. He said: "France and Germany have to come up with a solution to the situation since they're the ones who have things to resolve." But Mr Jean-Luc Dehaene, the Belgian prime minister, said there had been no call from any EC member state for a meeting of the monetary committee, and added that Belgium as current EC president would not take

these were not on the "front- the initiative in calling one. In the UK, Mr Eddie George, the Bank of England governor,

briefed Mr Kenneth Clarke, the chancellor, on the crisis. On the Paris bourse, investors pushed up share prices by 2.5 per cent to their highest level for three years, in the belief an imminent untying of the franc from the D-Mark would allow an interest rate cut to boost growth

The turbulence in the ERM led to substantial inflows into the dollar and gold. The dollar closed in London at \$1.7405, up more

FT WORLD WEATHER

than half a pfennig on the day, and its highest level for 23 months. Its strength may weaken the chances of a cut in German interest rates, because a weaker D-Mark would have inflationary implications for Germany.

Gold closed at \$405.40 an ounce, fresb high since the Gulf War in January 1991.

in London, speculation about easier borrowing conditions across Europe pushed the FT-SE 100 share index up 8.9 points to 2,926.5 for a 98.8 gain on the week. UK gilts and French government bonds closed 1 point up.

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Europe today

An area of high pressure will build over France in the wake of a cold front moving over central Europe. As a result, north-western Europe will have sunny intervals. A few showers will form. especially in northern regions. It will be cloudy with outbreaks of rain over Scotland and Ireland. Readings will be around 16C. During the afternoon and evening, the rain will spread across England. Thunderstorms will occur in the very warm and moist air ahead of a cold front in Poland and the eastern Alps. A series of depressions will bring local heavy rain or showers with the risk of thunder to

mostly sunny and very warm.

Five-day forecast Most of Scotland, Ireland and Scandinsvia will continue to be unsettled and cool. Elsewhere in north-western Europe there will be sunny thundery showers. Readings will be around 21C. Central Europe will be sunnier and

warmer, but at some locations thunderstorms

22C. In the Mediterranean, it will continue

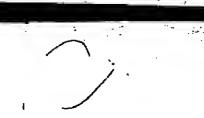
will occur. Generally sunny over southern and southeastam Europe. Afternoon readings will be

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A journey along Europe's fault line

Edward Mortimer travelled through the linguistic borderlands between Romance and Teutonic and found the scars of history everywhere

HE IDEA first came to me 10 years ago, on the way back from a holiday in Italy. We found driving ourselves through a series of countries or regions - Switzerland, Alsace, Lux-Romance lnnguages (mainly Frenchi overlap with Teutonic ones (German and Dutch). It occurred to me that this was the great historic and cultural divide in western

On one side of us were lands where the Roman empire had put down such deep roots that, 1,500 years after its disappearance, people still spoke languages derived from Latin. On the other were the linguistic descendants of those "barbarlan" tribes which were never fully Romanised, but stuck to their Germanic speech.

I remembered my old headmaster, Robert Birley, telling us about the Treaty of Verdun in 843AD, when Charlemagne's empire was divided between his three grandsons. Charles the Bald got the west, which became France; Louis "the German" got the lands east of the Rhine: and the eldest, Lothair, got a long, thin middle kingdom stretching from Friesland to the horder of Calabria, "And you know," Birley would say, swinging his spectacles sequent European history can be seen as a struggle between the heirs of Charles and Louis to control the kingdom of Lothair.

The kingdom of Lothair: the great battleground of western Europe, but also its richest, most productive region - today's "golden hanana." The clash of cultures, I thought, had been both destructive and creative on a dazzling scale. The land was soaked in blood, but from It sprang cathedrals, cloth halls, colleges, châteaux.

There is, after all, something

stimulating about cultural hybridity - perhaps something quintessentially European. Certainly this is the region where "Europe" has aroused the greatest enthusiasm: it offers peaceful exchange instead of violent conflict, and makes dilemmas about national identity less agonising, because less absolute.

I formed a plan to explore the region a little more systematically: to attempt a journey along the fault line, observing in greater detail both its historical residue (huildings, statues, inscriptions; and the way it is experienced by those who live on it today. This summer a sahhatical leave from the FT gave me the chance to do it.

Leaving England on May 28, I started at Dunkirk (an old Flemish port, now the northernmost city in France) and for the next five weeks worked my way south and east along the language border, travelling a short distance each day, usually by bus or train, sometimes on loot, staying in pensions or cheap hotels, or quite often - unashamed of my grey hair - in youth hostels. (There is in fact no age limit, other than one's own tolerance for dormi-

My proudest moment came when I strode into an Alsatlan village, weighed down by my rucksack, and made friends with a resident who and comedian. Philipp Sontag. I asked if there was a path through the forest to the next village, and he consulted his neighbour, introducing me with the words "hier ist ein

englischer Wanderer."
I tild not quite fulfil my ambition of carrying on "until I meet my first Slav." Time ran out on me in South Tyrol/Alto Adige, the predominantly German-speaking province of northern Italy. But I did reach Innichen/San Candido, founded as a Benedictine monastery in the 8th century "to Christianise the Slavs."



Evidently they were there then, even if later they were pushed east. From the summit of Mount Helm Monte Elmo), I had a fine view of

the river Drava flowing down through Austria towards Slovenia, the Italian-Austrian frontier, running eastward along the top of the Carnic Alps. From there on, it coincides with the language border. As the crow files, the distance

from Dunkirk to Innichen is 540 miles. The language horder, anything but crow-like, is probably double that, Yet in remarkably lew places between those two points does it coincide with a national frontier. Perhaps the only stretch where it incontrovertibly does so is between the Matterhorn and the Corno Gries, where the high Alps

form a natural harrier between Italy and a purely German-speaking part of Switzerland. To the west French is spoken on both sides of the frontier, and to the east Italian.

The other obvious exception was ning of my route, between Dunkirk and Lille. Here France marches directly with Flanders, the Dutchspeaking region of Belgium. But even that statement has at once to be qualified, because the land on the French side of the frontier is also Flanders. True, you do not hear the Flemish dialect spoken there much these days, but almost any middle-aged native will tell you that fus parents spoke it, even if he him-

self no longer does. In other words, when the frontier was drawn people spoke the same

language on both sides, but over time the French language has imposed itself on the French side. Three hundred miles further on, in Alsace, I observed the same process at work, but at an earlier stage. man spoken - or rather the Alsa-tian dialect, "related to German." as

some Alsatians will tell you. But the people speaking it are almost invariably over 50. Their children understand It, and may reply in kind if spoken to in it, but feel more natural speaking French among themselves. Which means, of course, that the grandchildren are usually not fearning it at all.

Thus the French state, with its firm insistence on a single national language and culture, is gradually pushing the language border north and east. In another generation it should fully coincide with the state frontier. If the process has further to go in Alsace than in French Flanders it is because for nearly half a century, between 1870 and 1918. incorporated into Germany, and their inhahitants firmly taught to think of themselves as German.

That experience was briefly but much more hrutally repeated in 1940-44. Ironically enough, this second dose of Germanisation, under Nazi rule, may have sealed the fate of Alsace's German cultural identity. The Alsatians emerged from it doubly traumatised. In many ways being part of the Third Reich was worse than being merely occupied: Alsatians were liable, for instance, to conscription into the Reichswehr,

sometimes even into SS units. But once liberated and reunited with France they found themselves tainted with guilt by association, when not accused of direct complicity in Nazi crimes. Notbing could rect, in post-war France, than to declare oneself German. Hence the insistence that the Alsatian dialect is not actually German, only related to it. And hence the indignation which drove the father of a friend of mine - a retired village baker - to protest formally to his MP when a well-known French actress opined recently, on television, that the Alsatians were "really German."
The contrast with South Tyrol is striking. There too a historically

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Property: There is a welcome in tha

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Arts: Chamber music in the Arctic circla

Private View: Watching television with Lady Elspeth Howe



Books Bridge, Chess, Crosswort Fashlon e & the Family

The Long View / Barry Riley

ot so well-endowed

WHY ON earth would you sign a savings contract at the same time you are borrowing money? It sounds like a contradiction in terms: yet, about 70 per cent of British homehuyers do this when they take out

a mortgage, ln most cases, they combine the loan with an endowment policy, a long-term savings contract provided by life companies.

These endowment mortgages have been threatened several times already in the past 10 years, for instance by the withdrawal of tax relief on life premiums in 1984 and, more recently, by cuts in bonuses on endowment contracts. Now, they face their biggest and per-haps toughest challenge: the Treasury has decreed that banks and huilding societles must make a "hard" disclosure to customers of the cash commissions they earn on these plans.

Once, endowment mortgages made very good sense for those able to pay a little bit more each month. Maturing 25-year with profits plans have proved extremely profitable, earning about 12.5 per cent a year compared with everage inflation of 9 per cent. But the attrac-tion has been eroded seriously. The endowment mortgage today reflects mainly a marketing, rather than an investment, opportunity: when Mr Prospect ventures into a mortgage office, he s uniquely open to sales patter based on the premise that an endowment mortgage is "normal" and he should

What is the theory behind the endowment mortgage? It is all a matter of a comparison with a repayment mortgage, which is designed to repay the loan through level monthly instal-ments. At the beginning, the instalments consist almost entirely of interest, with only small amounts repaid: by the end of the term, the reverse is true. Under this structure, the monthly amounts channelled into repaying the principal are, effectively, earning interest at the mortgage rate. But suppose. instead, that they were invested separately at a higher rate: you would be better off than before. And if the margin were good enough, you could accumulate enough over. say. 25 years to repay the original loan in one lump at maturity, perhaps leaving a surplus. In the 1960s, these sums worked out

extremely well. The mortgage rate was held artificially low by building societycartel arrangements (at about 7 per cents and there was unlimited income tax relief on interest, with a standard rate of 30 per cent and higher rates of anything up to 75 per cent. On the savings side, life premiums received a subsidy of half the standard rate of income tax. The money could be invested prudently in gilts or company loan stocks earning 2 or 3 percentage points over the typical mortgage rate. By the 1970s, inflation was posing a

threat to real returns on the savings side although this was more than offset by the negative real cost of mortgage Interest (which in 1975 was about minus 20 per cent). There was a gap of up to 8 percentage points between the long gill eld and the net-of-tax mortgage rate. Endowment mortgage plans began to accumulate big profits.

hen came Thatcherism, and deregulation. In the 1980s, the mortgage rate sbot up and gilt yields fell. The impact of the \$25,000 loan limit for morngage interest tax relief, imposed in 1974 and increased to only \$30,000 in 1983, began to become more serious as house prices surged upwards (Ioda)'s average new mortgage is nearly \$50,000). Life companies shifted their investment strategy and turned to equities to provide the high returns essential to pay the required bonuses. Riskier assumptions were made. Endowment mortgages thereby ceased to represent a sensible exploitation of a reasonably predictable interest differential and, instead, became a stock market speculation.

For several years, the gamble paid

off. But a warning of bow it could all go wrong came with the notorious home

income schemes, which were hack-to-

front endowment mortgages sold in the

1980s. Pensioners would take out loans secured on their houses and put part of the proceeds into investment honds, which would repay the interest and debt out of stock dividends and capital gains. But loan rates soared and the stock market crashed in 1987. Thousands of pensioners now dread eviction.

The consequences for eudowment mortgagees will not be quite so dire: the worst likely to happen is that they will be asked to raise the monthly payments into their endowments. The increases might be substantial in relation to the endowment premiums alone hut, compared with the total outgoings including interest, they should only be mod-est. All the same, it is highly unsatisfactory that buyers have paid large commissions for being put into contracts which may prove of doubtful

Meanwhile, the arithmetic of endowment mortgages continues to get worse. From next April, the maximum monthly tax relief on mortgage interest will shrivel to about £40 a borrower relief at 20 per cent on a £30,000 loan). The gap between the mortgage rate and the long gift yield is just about nil, and stock market returns bave become

more uncertain. Another way of looking at the whole question is to take account of the role of inflation in eroding mortgage debt. If you took out a 25-year. £20,000 loan in a very large sum in those days it will now seem very small at maturity because it is the equivalent of only £2,340 in 1968 money. It has been easy to accumulate that modest real sum in a parallel savings plan. But if future inflation is only 2 or 3 per cent, instead of 9 per cent, your savings will have to

work much harder.

Hard commission disclosure will provide a good opportunity for banks and building societies to look again at the riability of endowment mortgages. But it would be more encouraging if the interests of the customers, rather than regulatory embarrassment, were to trigger the re-think. ■ Another blow for endowments?

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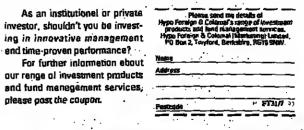
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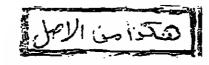
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If the private punter reckons

that the market can only go

up, it is usually time to sell. It

MARKETS

London That's the way the money goes

By Tony Jackson

T'S ONLY money. Half scarcely belps that the highest the governments of quarter on record for unit trust quarter on record for unit trust Europe spent the week sales was the third quarter of hurling vast sums at their collapsing currencies. Merck, the US drug giant, 1987, just before the worst market crash in two decades. But this time, the private punter surely has a point. Though the spent \$6bn buying a company savings ratio is a little below which puts prescriptions in the mail. Reuters decided to hand its peak of six months ago, people are still squirrelling money away; and with equities etill £350m back to its shareholders, on the grounds that if it kept yielding almost 4 per cent, the cash it might do something there is simply no incentive to leave it in the bank. silly with it. All in all, one sees Reuters' point. Undeniably, cash is not what

The other thing helping the market this week was, of it was. Not in the UK, at any course, the spectacle across the Channel of what looked rate. Bill Smith, head of research at BZW, observes that the return you get on cash increasingly like the ERM's these days is the lowest for a death-throes. At the time of generation. It is also lower writing, the French authorities than the return on gilts, equi-ties or property. This helps to were still grappling desperately with the speculators and affirming their commitment to the system. But then they would, wouldn't they. As one market cynic put it yesterday, this year's second quarter were the second highest on record. Professional investors tend to get slightly twitchy at this to make sense of what is happening you need only take point, rather as they do when taxi-drivers start buying gold. what the UK government was saying last autumn and trans-

late it into French.

From the UK market's point

HIGHLIGHTS OF THE WEEK

High

of view, the beauty of it all is that the collapse of the ERM would belp UK corporate profits whatever the UK govern-ment did in response. The immediate result would be a fall in Continental interest rates. Germany presumably excepted. That would stimulate the Continental economies, thereby improving the prospects for UK exporters. This is something of e live topic: according to the CBI this week, exports to the Continent are proving so sticky that the whole UK recovery is at risk. Of course, if Clarke followed the CBI's other piece of advice and cut UK rates, so much the hetter. From the market's point of view, there is only one possible way the government

could get it wrong if an ERM

collapse sent sterling through

the roof and Clarke still

refused to cut rates, in spite of

the damage to exports. But he

The dwindling power of cash

wouldn't be so silly. Would he? Let us assume that the market is right, and that UK rates are due for another fall. That makes even more sense of Reuters' decision this week to give £350m back to shareholders. In fact, the money is to be used in buying back Reuters' own shares, rather than eimply handed out as a one-off divi-dend payment. But as Reuters explained, that was simply e means of giving shareholders

UK benics' base rate

15-yr gift yields

with a high tax rate the option of leaving their money where it Implicitly, though, Reuters is saying that with interest rates where they are, spare cash is better returned to the owners than left to burn a hole in managers' pockets. Besides, the likely return through investing that cash in the husiness is likely to be lower in the stingy 1990s than it was in the free-wheeling 1980s. Other companies are in the same dilemma: in particular, drug groups like Glaxo and Well-come, which have steep cash mountains and and a steadily

worsening commercial outlook As It happened, their response to that outlook was also on display this week. Glaxo and Wellcome formed a grand triple alliance with the US drugs and consumer group Warner-Lambert, whereby they hand over to Warner-Lambert the job of selling any of their drugs which are converted from prescription medicines to consumer products. This is specifically in response to the efforts of Hillary Clinton and her counterparts around the globe to control their drug hills. When Glaxo's Zantac, the

ments. Come the day that it is sold as a patent medicine for indigestion and hangovers, it will be paid for by the sufferers

But the trophles of the drug

industry are perhaps too grievous a topic to dwell on, as is

the plight of those who bought Glazo shares at the top of the market. Better to turn to a bit of light relief, from the somewhat surprising source of corporate Germany. This is the eetting for quite the most diverting hoardmom shocker to have eurfaced in years: Volkswagen versus General Motors, or The Case of the Exiting Basque. This hinges, for those who missed earlier episodes, on the behaviour of the exotically named Jose Ignacio López de Arriortúa, an ex-GM top man who has seriously annoyed Detroit by defecting to Volkswagen and -GM says - taking secret documents with him.

The row over this has been bad-tempered from the outset. For connoisseurs of the Higher Childishness, however, this week's exchanges had classic status. Volkswagen's boss, Ferdinand Piech, said GM had planted its secrets on VW as a means of getting at Lopez. The whole thing, he implied, was a dirty American plot to do down German industry. Opel, GM's German subsidiary, rejoined that Piech was not one to talk. As an Austrian, he does not even have a German passport. So there.

Almost unnoticed in the hubhub. GM announced on Thursday that it had swung from loss into profit in the second quarter, and its shares went world's higgest-selling drug, is up. But that, as the obsessed prescribed for ulcers, it is mostly paid for by govern-say, was only money as well.

Dow Jones Industrial Average

Serious Money

The seductive view from the top

By Philip Coggan, personal finance editor

RIVATE investore have an unfortunate tendency to buy shares at the top of the market. So news that unit trust sales are close to levels last attained during the third quarter of 1987 (just before the Crash) makes the cynical observer rather uneasy.

A survey from Save & Prosper illustrates the problem. S&P found that in June 1991. when the FT-SE 100 index was around 2,500, only 28 per cent of private investors surveyed thought that it was a good time to invest in stocks and shares. In June 1992, with Footste at 2,700, the figure was 25 per cent. The same survey conducted this year, when the index was around 2,850, found that 54 per cent of investors believed it was a good time to buy stocks and shares.

You could argue that inves-tors in June 1992 were fairly shrewd, in that the market fell sharply over the summer reaching its nadir, of around 2,280, just hefore sterling's devaluation. On the other hand, I wonder whether private investors would have felt confident about the prospects for shares on Black Wednesday, since when the market has rallied snhstan-

tially. Of course, it is inevitable that when share prices are low, investors will be depressed -their depression is what makes prices low in the first place. And the flood of demand which occurs when private investors enter the share market in numbers helps indices to reach new peaks - look at the US, where interest rates of 3 per cent or so have caused individuals to swap deposits for shares.

Nevertheless, the shrewd investor will try to avoid the herd mentality. Just as, when UK interest rates were 15 per cent, it was tempting, but wrong, to hold all your money in cash and forget equities, it would now be foolish to have

all your money in shares at a time, when the market, in terms of price-earnings ratios and dividend yields, looks expensive in historical terms. A balance of cash, glits and shares is the answer.

Foreign & Colonial's latest investment trust is an unusual animal. For a start, it is the first split capital trust launched by F&C, which has traditionally been associated with the "keep it simple" school of trust management. Secondly, although the trust is investing in utilities, it is concentrating on a particularly recondite part of the sector -the former statutory water

These groups are not the same as the privatised water companies such as Severn Trent. The "statutory compa-mes" are responsible purely for water supply, not for sewage; many date back to the 19th century, and they were so named because, until recently, their profits and dividends were set by statute.

For many years they were a neglected corner of the stock market until the French water companies started to hny stakes in the late 1980s. Share prices shot ahead, and did so again when statutory controls were lifted - according to F&C, the dividend of the Chester company, set at 3p for many years, is now 225p per

One particular private investor, the Australian-based Duncan Saville, was clever enough to profit from all this and became one of the largest holders of water supply stocks. He approached F&C with the idea of swapping his holdings into investment trust shares - and the idea for the trust was born. Its name will be the Special Utilities Investment Trust, or SUTT for short.

Depending on how much the trust raises, between 44 and 80 per cent of the portfolio will be in water supply stocks. The remainder will be in other utilities such as electricity, gas or

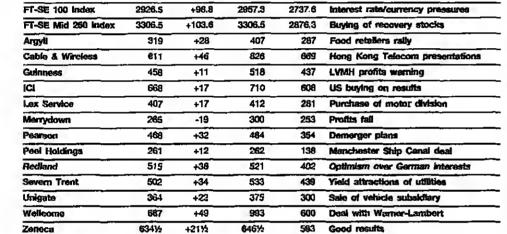
F&C argues that the water supply companies are attractive investments. They supply water to nearly a quarter of the population, have lower capital expenditure plans, high cash generation and a good relationship with the regula

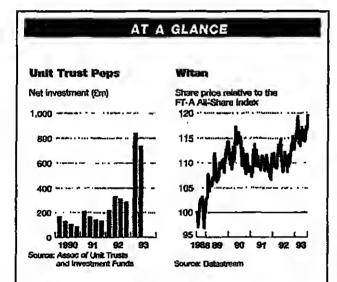
The income shares will be entitled to all the fund's income and the first 60p of assets, when the trust is wound up in 10 years' time. They will be offered at 60p each and will have an imital dividend yield of 7.75 per cent. If dividends grow at 5 per cent per year, the expected gross redemption yield will be 9.4 per

40p each, will get no income but will get all the assets of the trust after the income shares have been repaid. If the assets grow at 5 per cent per year, the expected gross redemption yield will be 8.5 per cent. However, it is worth noting that if the trust's assets do not grow at all, investors will lose money. Saville will be taking capital shares for his holding There will also be package

units (at 1900) which can be converted into one income and one capital share at any time, The initial yield will be 4.7 per cent, and the minimum investment for package investors is 2500. All the various shares are

Potential investors should realise this is a highly specialised trust, the investments of which will be concentrated in a. politically sensitive and (perverse though it sounds) illiquid sector. It is certainly not a fund for the first time investor, who would get a much better spread from F&C's flagship investment trust. But larger investors might find the income shares attractive as part of a wider income seeking portfolio.





Peps lead unit trust surge UNIT trusts had a bumper second quarter, with net sales

reaching nearly £2.5bn, higher than in any period since the third quarter of 1987. Private Investors have returned to the sector, buying e net £1,98bn of trusts in the first half of 1993. Peps were particularly popular, with net sales of nearly £1.8bn in the first half. Total funds managed by the industry have reached e record

Witan reduces in-house blas

Witan Investment Company, the investment trust managed by Henderson Touche Remnant, found an ingenious way of reducing the "in-house" bias of its Investment policy this week. It raised a £56.25m bond, convertible into the shares of three other Henderson trusts (Electric and General, Greenfriar and Lowland). It also sold an 8.2 per cent stake in Henderson itself. Previously In-house investments formed more than £100m of Witan's £880m portfolio. According to Micropal, the trust was 12th (out of 19) in the international general sector over the five years to July 1 and 11th out of 19 over 10 years.

Three BES offers

THE Matrix Stock Market business expansion scheme, sponsored by Matrix Securities and almed at providing student accommodation for Nottingham University, has e minimum exit price after five years of 75p for every 100p invested with a variable amount linked to the FT-SE 100 index. The scheme has an automatic lock-in at 60 per cent growth in the Footsle and

again at 90 per cent.

Accumulus King's is an arranged exit cash-backed scheme offering 120p after five years per every 100p invested, equating to a 13.9 per cent annual return for a higher-rate taxpayer and 9.4 per cent for a lower rate taxpayer. The BES, sponsored by

9.4 per cent for a lower rate taxpayer. The BES, sponsored by Terrace Hill Capital, will buy property from King's College, Cambridge to be let as assured tenancies.

Queen Mary and Westfield College Residences, sponsored by Downing Corporate Finance, has an arranged exit price of 127p per every 100p invested but has cash backing for only 25 per cent of the buyback obligation, according to BESt Investment. The minimum investment for all the schemes is \$2,000.

A guide to gilts

National Savings has issued a pamphlet explaining how to buy gits on the Netional Savings stock register. It explains the main factors to bear in mind when buying gits, such as prices, interes rates and yields as well as the tax position and how to sell. The

Personal pension information

The Department of Social Security has produced a new leaflet on me reparament or social security has produced a new leaflet or personal pensions which gives some of the basic information on this complex area. The leaflet "Thinking about a personal pension?" is available from Citizens Advice Bureaux or free by phone on 0345-825522.

Rally lifts smaller companies

Small company shares benefited from the market rally which saw the FT-SE 100 index surge above 2,900 this week. The Hoare Govett Smaller Companies Index (capital gains version) rose 1 per cent from 1,464.03 to 1,478.91 over the week to July 29.

Wall Street

Optimists read between the lines

NVESTORS THIS week got their clearest look yet at the state of the economy and corporate earnings, and seemed to like what they saw - which was surprising, because some of the numbers, at least superficially, were not encouraging.

The economic news consisted of the second quarter gross domestic product report. while the earnings results were released by a variety of large ludustrial companies, including International Business Machines, Ford, General Motors, RJR Nahisco, Minnesota Mining & Manufacturlng, Dn Pont, Allled Signal and Walt Disney.
The raft of data, of course,

was entirely historical, covering a period between April and June. Generally, share prices are driven by expectations, so in some respects this week's figures were not especially helpful. Yet, a close eye is always kept on earnings and economic releases hecaose they tell investors whether their past predictions (predictions that are priced into stocks) have been accurate. Judging by their reactions this week - when the Dow set

make the chief execu-

tive of a drugs com-

pany laugh is to tell

him his industry is immune

from recession. Only 18 months ago he would have

quickly. Analysts' attention

has been concentrated on the US, the world's largest single market. American healthcare

cost \$768bn last year - equiva-lent to 14 per cent of GNP. The

Clinton administration can no

longer afford its portion of the

hill. It is preparing reforms and

the profitable pharmaceuticals

industry is sitting in the cross-

hair of its sights. The trigger is

expected to pulled in Septem-

ber when the programme is

At the same tims, the US sustomer-base for medicines is

changing rapidly. Large hulk-buyers of health are taking an

ever-greater share of the mar-

ket - up from 22 per cent of the non-hospital drugs market

in 1987 to 35 per cent last year.

Worse still, they are negotia-ting ever-greater discounts -

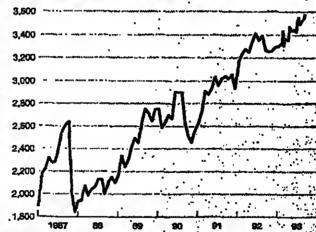
politely agreed.

a new high and the important indices held steady or posted gains over the five days investors helieved that the data hroadly met their expectations. That can certainly be said for the quarterly reporting season, which has passed so far with few surprises.

The same, however, cannot be said for recent economic news, particularly Thursday's gross domestic product report. The government estimates that GDP grew by 1.6 per cent in the latest quarter. It was an improvement on the first quarter growth rate of 0.7 per cent. hat it remained disappointingly short of forecasts.

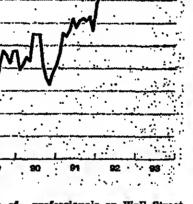
The weak growth surprised everyone, including those who really should know what is going on, such as Alan Greenspan, the Federal Reserva chairman. Last week, he confidently told Congress that the economy would grow by about 2.5 per cent in the second quarter. Wall Street economists were looking for a slightly slower rate of growth - around 2.2 per cent.

It was the second quarter in succession in which growth was well below forecasts. Yet over the last six months stocks



have not pald the price of these unfulfilled expectations. Just the opposite, equities have kept edging higher. In normal times, bad news should force investors to drive prices lower until they reflected the new reality of

market fundamentals. There are various explanations for this seemingly irrational behaviour. First, investors and most of the



professionals on Wall Street are incurable optimists. If they were not, they would not be in the market - pessimists do not huy stocks, they buy bonds. Second, the economy may be struggling, but corporate earnings are improving, thanks to

the measures taken by compa-nies at the tail end of the last recession to cut costs, boost efficiency and improve profitability. Although some compa-

nies are coming to this process rather late - IBM's managers announced plans for thousands more redundancies and more plant closures this week most have the bulk of the restructuring out of the way, and many are now reaping the rewards of their actions. Third, even if the fundamen-

tals are not great, there is enough money flowing into equities to keep prices afloat even in all but the most difficult of times. So long as interest rates remain low - and the current sluggish state of the economy should ensure they remain low for a while yet investors will keep switching their funds out of low-yielding short-term assets into stocks. Finally, economic figures

such as the GDP data are rarely what they seem at first glance. Take this latest release, for example. The disappointingly weak headline number masked some positive news, such as 3.8 per cent increase in consumer spending and the low implicit price deflator (a key inflation barometer). Even more encouraging was the role of inventories in the data.

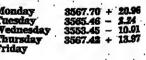
The discrepancy hetween

strong consumer spending and weak output was explained by inventories. They had grown so much in the first quester, that during the second quasir manufacturers were able to keep up with the incr consumer demand by the consumer demand the consumer de quarter would have been a

handy 3.7 per cent.

It is this kind of thinking that is keeping stocks at their current high levels. If the underlying improvement in the economy is eventually reflected in the headline figures (and, crucially, the jobs numbers), and if companies can sustain the npward momentum in earnings, then the stock markets have a chance of not just breaking new ground, but building on it in the second half of this year.

Patrick Harverson



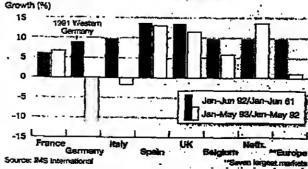
The Bottom Line

A somewhat sickly sector

Recessionary clouds have 25 per cent in 1992, according gathered over the drugs sector to analysts at Lehman

The US drugs market, long-used to double-digit growth, expanded at only 3 per cent during the first five months. The reaction of the financial markets has been brutal. Merck, the world's higgest pharmaceuticals company, has dropped 40 per cent since January 1992. Claxo. Europe's largest drugs group, has fallen by a similar amount

But while eyes have been wetching the clouds on the western side of the Atlantic, they may have missed the storms brewing in Europe. Some US drugs analysts have viewed Europe as a side-show. But Europe is a bigger market than America. IMS international, the market research group, estimates drugs sales in European pharmacies during up from 10 per cent in 1987 to the first five months this year European pharmacy drug sales



were \$19hn, compared with Europe, too, is being swept hy healthcare reform. The reforms, though less dramatic, are nevertheless insidiously undermining results of both US and European groups.

The reforms have hit hardest

in Germany, the world's third higgest single-country market after the US and Jepan last year. IMS International estimates that during the first six months of 1992 the market was growing at about 10 per cent (Eastern Germany at 16 per cent and Western Germany at

9 per cent). During the first five months this year, It has collapsed 11 per cent.
Zeneca, ICT's former bioscience subsidiary, estimates its German sales for the first six months were down 18 per cent, while SmithKline Beecham, the Anglo-American healthcare group, believes its sales were

down 9 per cent. Meanwhile, Italian reforms are also having an impact. IMS estimates the market grew 10 per cent during the first six months last year. This year, during the first five months, it fell 1.8 per cent. As a result, the European

market, expanding at 10 per cent during the six months to June in 1992, registered growth of only 0.9 per cent during the first five months this year. Worse is to come. Jan Leschly, SmithKline Beecham's head of pharmaceuti-

cals and group chief executive

designate, said: "I'm not optimistic about Germany and Italy for the full year, And there's no doubt that in France, the UK and Spein we will see cost-containment measures introduced in the near Given the poor outlook in

the US and Europe, it may be too early to call the turn for drugs sector. Some companies are riding out the storm. Those armed with new, innovative products capable of generating volume growth, are prospering. Take Roche of Switzerland, whose shares have risen from spray of the september 1990 to a peak of SFra,650 this month. Astra, the Swedish company, has also held on well in spite of heing hit by the German reforms. Its shares have risen from a loss of SFrag in 1990 in 1990 in from a low of SKr26 in 1989 to SKr142 this week

The lesson is that although pharmaceuticals stocks used to he difficult to differentiate they must now be picked with care. That may bring a smile back to the faces of some - but not all - pharmaceutical pany chief executives.

Paul Abrahams

When your house is worth less than the mortgage.

Scheherazade Daneshkhu looks at the problem of negative equity and suggests some ways to relieve the strain

you have negative equity is difficult although, for most peo-ple, the thought that their mortgage might exceed the problem only when they need to

Negetive equity is largely a regional problem affecting areas where house price inflation was at its highest in the mid to late 1980s. arly all the problem is south of the Midlands," says David Gilchrist, general manager of corporate development at the Halifax building soci-

ety, the largest lender. The problem is also confined, for the most part, to first-time huvers. According to the Woolwich building society, Britain's fourth-largest lender, 9 per cent of all British home-owners have negative equity and 70 per cent of those live in the south of England. But 75 per cent

are first-timers. The Woolwich found that the number of home-owners with negative equity had dropped from 1.8m in the year's first quarter to 1.45m in the second. This was due to a 3.2 per cent rise in house prices (recorded by the Halifax) between Woolwich estimates the average amount of negative equity per household to have dropped from £7.200 in the first quarter to £6.600

in the second. Sitting tight and waiting for. house prices to rise is the easiest way out of negative equity. But what of those who hought a one-bedroom or studio flat and now have e family? Or others who have to move because of their joh?

The costs of moving are substantial. Not only is there the negative equity deht - the other outgoings include estate agents' fees, surveys, stamp duty (on properties worth over £60,000), a deposit on the new home and, for loans of more than 75 per cent of the property's value, a mortgage indemnity premium. (This is a one-off insurance premium which protects the lender, not you, egainst a mortgage

The options for coping with these problems are limited but, broadly, they are: beg. borrow or save.

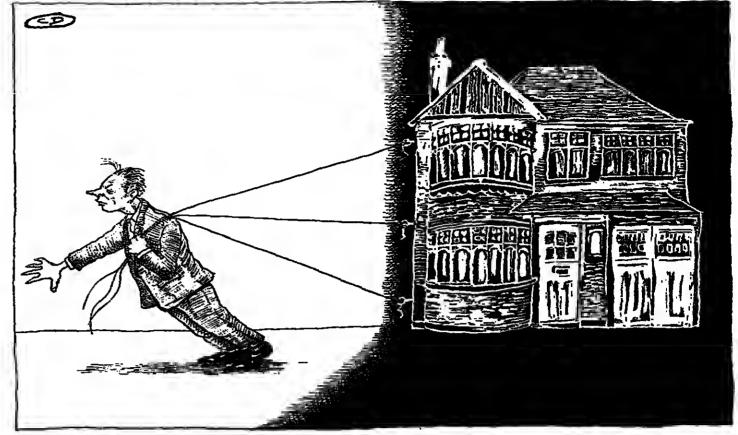
Begging for help is perhaps an exaggerated way of describing the first step, which is to talk to your bank

EELING positive when the first and second quarter. The or huilding society about the matter. Lenders have adopted a policy of "forbearance" to reduce the level of repossessions (see helow) and have extended this - although on a limited basis - to those with nega-

> You are most likely to get co-operation if your move also benefits the lender. If you live in London hut have a job offer in Birmingham, It is in the interests of the lender to help you move to ensure that you will be able to keep up payments. But lenders usually will help their negative equity customers only if they have a strong payments

> A few lenders have peckaged schemes but most work on a case-hy-case hasis. Although the Halifax has eschewed packages because it says each person's cir-cumstances differ, it is running a pilot study on such a plan although warning that it cannot be promoted as a solution to oegative equity

> ■ Transferring the negative equity The Halifax prefers to deal with negative equity hy letting the person move and then transferring the shortfall on the old loan to the new



property by granting a mortgage of more than 100 per cent on the new one. The maximum it will loan is 125 per cent of the value of the

If your existing mortgage was £100,000 and the cost of the new property also was £100,000, you would be able to huy it if your negative equity was not more thao £25,000. But your new total debt of £125,000 must not exceed three times the level of your income. The

this example would be £1,750. The Halifax will not give additional help (although the mortgage indemnity premium could be deducted from the loan) and expects people to have built up savings for

moving expenses.

The Royal Bank of Scotland follows a similar policy by granting loans up to 125 per cent on e new house, to a maximum £200,000. The new mortgage, however, is granted at half a percentage point over the bank's standard variable rate, now 7.99 per cent. Instead of a mortgage indemnity premium, the RBS will charge an arrangement fee of 1 per ceot of the loan, to e maximum of

Under the Woolwich's Mobility Mortgage, an effective trade-down would be necessary because the price of the new property would have to match (or be less than) the sale price of the existing home. The negative equity would be added to the new loan, bringing the homeowner up to the same level of borrowing as before,

The Leeds and Nationwide societies will grant 100 per cent mortgages on the new property with a top-up loan where necessary. The maxi-

mum limit on the top-up loan is

£25,000 at NationWide, charged at 15 per cent APR if the loan is unsecured and 12 per cent APR if It is secured on another property. Under the Leeds' scheme, the total debt cannot exceed 125 per cent of the purchase price of the new property, and the 25 per cent loan would be charged at the society's standard

■ Substituting equity The Leeds, Woolwich, Nationwide and Yorkshire societies will allow horrowers to use their parents' home (or that of anyone else willing to sign the documents) as security for a larger loan. The details of the schemes differ hut the cheapest way is for two mortgages to be taken out, one on your new home and one on that of your parents. You could

avoid paying the mortgage indem-nity premium by borrowing up to 75 per cent of the value of new home, with the parental mortgage making up the shortfall ■ 100 per cent mortgage
Those with enough savings to pay
off their negative equity, and who can afford moving expenses but not the deposit on a new home, can

consider a 100 per cent mortgage.

This market was virtually dead

until recently, but some lenders

have ventured in again. Take care to get a quotation for the full final cost of the mortgage (including arrangement and other fees) before

taking it out The Abbey National will consider 100 per cent mortgages for its own customers while mortgage-broker John Charcol and the Household Mortgage Corporation will consider applicants meeting their criteria as long as they are second-time buyers. The Royal Bank of Scotland will also grant 100 per cent mortgages, but only to first-time

huvers. The 100 per cent loan can be taken out in various forms at John Charcol. You can get the full 100 per cent or, to avoid the indemnity premium, a 75 per cent mortgage with a loan covering the other 25 per cent (although the interest on this proportion would be at a higher variable rate of 10.5 per cent). Fixed rates are available for the mortgage

The HMC also offers fixed and variable rates (its standard variable rate is 7.69 per cent). Indemnity premiums are on the high side; for a loan of £100,000, the charge would be £2,500. This can be added to the mortgage if that is up to 95 per cent of the value of the home, but will be subtracted otherwise.

Repossessions are falling but remain high

AT ITS MOST extreme, negative payments and, in the most serious equity can lead to repossession. Previously, an option for those falling far behind with their mortgage payments was to sell the house, pay off the loan and rent. But the downturn in the bousing market has, for the time being, blocked off this

The maln factor contributing to repossession has been losing a job because of the recession. Relationship breakdowns and financial mismanagement are the other reasons cited by the Council of Mortgage Lenders for home-owners stopping cases, being repossessed.

The number of houses taken back by lenders is dropping but remains high. The CML said the figure for the first half of the year was 31,780, an 11 per cent fall on the same period last year when the figure was 35,750. Total repossessions last year were 68,540, down from the 1991 peak of 75,540.

Lenders have been following a policy of "forbearance" by counselling those who fall into arrears and, in the main, refraining from taking possession unless payments

dry up completely. Adrian Coles, director-general of the CML, said the situation had been helped also by the reduction in interest rates and the government's decision to pay income support for mortgage interest directly to lenders.

Mike Smith, of the Northern Rock, said that repossession had been voluntary in 50 per of his society's cases, with home-owners simply returning their keys. The industry average was 35 per cent, said

The number of households with arrears of 12 months or more the second half of 1992 to 158,000 in the first half of this year. Altogether, just under 350,000 households have arrears of six mooths or

Fears that "forbearance" might cease once the houslog market picks up, with leaders repossessing properties to sell in a rising mar-ket, are denied vehemeotly. "There is a long, hard slog ahead in managing long-term arrears," said Coles. "If people have a chance of recovering the situation, lenders won't take possession."

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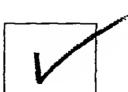
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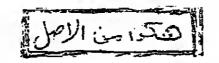
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Another blow for endowments?

Norma Cohen examines the implications of insurance tax changes proposed by the EC

RITAIN is re-examining some of the ways long-term insurance contracts are taxed - with some vexing implications for policyholders. The catalyst for the review is the European Commission which, in its voluminous Third Directive on Life Insurance, tries to set a level playing field in the way policies

are taxed throughout the community.
The Treasury has held discussions with the Association of British Insurers, the trade body, about possible tax changes - a move that has unnerved members of the industry, particularly those which sell long-term endowment policies. It is preparing to air some proposals this October and final judgements by the year-

The EC directive seeks to scrap the so-called "qualifying" policy which exempts higher-rate taxpavers from having to pay tax on the difference between premium payments and final maturity value. Only policies looger than 10 years fall into this category. and only those in which the sum assured is at least 75 per cent of premiums paid. Thus, it is long-term endowments, a product already losing favour with the public, which would be most affected by the tax change. "Life is getting more difficult for that sort of product, anyway," says Mike Wadsworth, a partner at consulting

actuary R. Watson and Co.

The change would add to the difficulties in selling such products, however, because it would create greater uncertainty in predicting the final cash proceeds to policyholders upon maturity. Guessing the individual's tax status some 25 years into the future is almost impossible, and policyholders who wished to use such policies to pay off mortgages would face even more uncertainty about how much they would have to pay every month in order to meet their final liability.

More broadly, though, the matter under discussion at the Treasury is whether to scrap the present system under which life insurance investment returns are taxed as they are earned but the final proceeds of any policy are not. In most of Europe, life insurers earn investment returns gross of tax, meaning they can actually show higher returns each year in some instances. "I'd get better value from a French policy because, in France, I'd get tax-free roll-up," said Nigel Silby, a partner at Watson spe-cialising in insurance taxation. "In some of these European countries. they actually tax them quite lightly at maturity. In France, there is almost no tax if you hold your policy for 15

Of course, as Silby notes, investment returns on long-term UK policies tend to greatly outperform those of their European counterparts because of the emphasis on higheryielding equities. Continentals prefer bonds, in short.

But a shift could encourage British companies to set up European off-shoots which then sell their products back into Britain. J. Rothschild Assurance has taken such a step already with its new, Dublin-based operation.

Watson points out that should the Treasury decide to require higher-rate taxpayers to pay tax on final maturity values, it probably would offer simul-taneously a tax credit for duties incurred on investment gains over the life of the policy. Failure to do so would amount to double taxation of investment returns.

The Treasury has a dilemma, though. If it wants to move into line with other European states and abandon year-by-year taxation of investment returns in favour of taxation upon final maturity, it will have to face up to a further loss in revenue. And with a £50bn public sector borrowing requirement for the present year, that option is unpalatable

TAKE-OVER BIDS AND MERGERS Value of bid Sms** 202.15 5.90 59.20 282 5 185

"All cash offer 11 Cash alternative. §For capital not already held. § Unconditional, "Based on 2,30 pm prices 30/7/93. §§Shares and cash. †Value of bid based on remaining 20% of shares . ‡ Price in Pounds

PRELIMENARY RESULTS

up to a further loss in revenue.	Company	Sector	to	60	(2000)		(5)		4	
with a £50bn public sector bor-	Alticon-Huma Ind.	Offe	Mer	2,690	(2,910)	1.04	[212]	1.0	, (0.5)	
g requirement for the present	Arten	- Bec	Mer	718	(284 L)	1.1	(+)		H	
that option is unpalatable.	Benks (Sydney C)	Fc6Age	Apr	2,870	(2,290)	22.5	(18'8)	9.0	(B25)	
The observe the second	Black Arrow	Mac	Mor	2,030	(1,340)	5.02	(3.79)	26	(2.1)	
	Campball & Armstrong	CSC	Mar	3,940 L	1225 U		H	-	(+)	
	Clayhttoe	Eng	Mer	386 L	PGS L)	-	H	25	25	
n brief	Cook (DC)	Mirs	Apr	550	(121)			0.6	(0.0)	
II DLIGI	Allow-Hame int.	28	2.4							
	Dale Electric	Bec	May					5.1	(5.T)	
	Dudley Jenkins	i/fec	Apr		(486)			3.1	(LLD)	
ther will also wick commonies	Dyson (JSJ)	84	Mar	1,050	£1,730	5,76	ps 9		(6.0)	
they will also pick companies	Exceller	Mec	Apr	6,200 L	(20)	-		0.5	p.n	
with strong prospects of mov-	Pirth (GM)	MSM	Mar	5,990 L	(4,860 L)			-	H	
ing into the Chinese market.	Goode Durrant	Cong	Apr	15,400 L	(1,480 L)			5.4	15.4	
Initially, the fund is not	Growener ions	B&D	May	764	GIST			4.25	. (1)	
planning to bny any of the	Independent lav	Inĭr	Jun					0.6	0.5	
mainland Chinese "B" stocks	Jersey Phoenix Tet	in Tr	Jen	820¥	(798 <u>1</u> 4	5.4	6.3	5.25	529	
	Linx Printing	Esc	Jun	1,430	(1,540)	7.1	6.4	2.08	(4)	
	London Merchant Sec.	Prop	Mar	25,800	(24,000)	5.30	654	4.0	(3.8)	
Instead, the heaviest initial	Memier-Sauka	Esc	Apr	7,820	(5,230)	34.1	24.9	11.0	(A.O)	
weightings are likely to be in	Merrydown	BSD	Mar	1,710	(1,930)	13.03	(15.24)	7.0	6.2	
Sonth Korea, with about 40	Micyt	Bec	May	15,100	13,100	27.4	(17.8)	7:01	(B.1)	
per cent of the fund, Hong		BuSc	Mac	2,400	[1,810]			3.5	279	
Kong, with 25 per cent, and	Marry Smiler Miles	in fir	May	3,930	(3,500)	4.55	(4.82)	4.2	(LO	
	Rangom (Milliam)	HSH	Mar	617	(577)	3.49	(3.04	1.90	(1.77)	
Taiwan, with 15 per cent.	Saville (Gordon J)	MEM	Apr	2,350	(3,490)	14	2.0	22	22	
Eventually, a proportion of	Smith (D)	PPEP	May	27,100	(15,400)	22.0	(11.5)	10.0	(2.5)	
the fund might be invested in	Southand Property	Prop	Mac	1,150	(3,710)	0.1	2.0	425	(4.18)	
the "B" shares, with other	Stagecoach Hidge	Tzen	Apr	13,000	6,240	83	BUT	- 1	H	
investments elsewhere in Asia	TR Smaller Co's	In Tr	May	10,200	Ø.510	4.31	649	28	27	
	Unback	Bec	Mey	10,500	(14,000)	7.3	(13.2)	6.1	65.89	
and the Pacific rim in compa-	Waveday Mining	Mine	Mer	63 L	(105 L)		H	-	H	

INTERIM STATEMENTS

Company	Sector	Hidf-year to	Pon-tace (ED)	dividends' per chare (p)		
Abbay Panels knr.	Mire	Mar	993 L	(1,180 L)	-	(1
AB Consulting	Misc	Apr	1,150 L	(41)	1.0	(4.3)
Allied Radio	Med	Mer	1,170 L	(585 L)		H
Alied Textile	Tex	Mar	5,320	5,210	4.5	(4.5)
Baring Tribum	mTr	Jun	1,790‡	(1,8901)	1.7	(1.7)
BAT, industries	Mec	Jun	906,000	(672,000)	7.9	(7.3)
Beclephern Group	Mac	Apr	. 198 T	(77) 1)		H
British Telecom	TeN	July	757,000 A	[596.000 4]	7.9	5.6
Cadbury (S Africa)	FdMa.	Jun	25,700	(19,500)	18.0	115.0
Capita Group	848	,Jug	2,040	(1,770)	0.85	(0.7)
Citzera Financial	Bank	Jun	7,200\$.	(6,2004)	-	H
Continental Assets	lotr	Jun	. 874	(431)		H
Corporate Services	B.S	Jan 2	32 .	(486 t)		H
CRP Leisure	CEC	Acc	117 L	(196 L)		H
Derby Trust	hitr	Jun	963	(1,330)	6.23	(8.23
EFM Joen Tat	in Tr	Jun		(12 T)		H
Falrway Group	Mec	Jun	. 1,070	1056	1.1	P.17
Freerman Group	Bolk la	Jun	357	(550)	. 20	2.0
Gregge	FOR	Jun	2,890	(2,290)	. 50	, 5 .0
Grosvenor Dev Cap	Mir	Jun	154 Lt	20		H
Harrisons & Crostid.	Cong	Jun	48,400	(40,600)	3.6	0.6
Hotspur Investments	Intr	Jun	2611	(2211)		H
ICI .	Chem	Jun	364,000	(420,000)	10.5	105
Invectoric	PPSP.	Jun	4,530	[3,120]		1
Inventors Capital	hilir	Jun			1.2758	(1.2754
Last Service	Mitra	Jun	21,200	(16,000	4.7	(4.0
Lloyds Abbuy Life	int.f	Jug	152,500	(142,000)	. 63	83
LWT Holdings	Med	Jun	18,500	(13,700)		
Motor Works	Mus	Mey	1,466 -	(956)	. 23	. 6
With of Eng Bldg Suc	n/a	Jun	7,690	(7,840)		
Routers Hidge	Med	Jun .	214,700	(187,400)	6.2	53
RPS Group	Prop	Jun	386	(355)	1.1	(t.a
Shandwick	Med	Apr	1,730	(1,540)	-	(
Smaller Co's Inv	loTr	Jun		. 0	1.2	(1.2
Specialoyes	HSH	May	333 L	(698 1)		. (4
Sphere Inv. Tat.	lofr .	Jun	4,030	2,720	1.5	- (1.5)
St Modwen Props	Prop	May	1,100	(1,040)	0.3	H
Tomble Bar lov	lo7c	Jun	4,800	(5,000)	4.5	
Union Discount	Offn	Jun .	11,300	. [14,800 L)		. (1
Updowo Investment	InTr	Jun	212	(297)¥4		
Zeneca	HBH	Jun	367,000	(261,000)	70.5	. 0

Figures in parentheses are for the corresponding period.) Dividencis are shown not pence per share, except where otherwise indicated, L. loss, #= Third quarterly dividend. $\uparrow=$ Attributable profit, ‡= Available revenus. #= Net income. $\Phi=$ Third quarter figures quoted in US dollars. #= Net profits.#= Fig. quarter. ## = net revenue

THE TABLE MENT

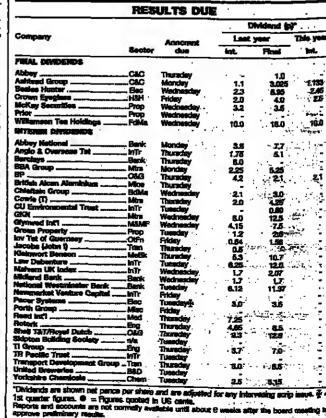
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RIGHTS ISSUES

Action is to miss £6.7m via a 1-for-1 rights issue at 21p. rs Group is to raise £5.04m via a 1-for-1 rights issue at 10%o.

OFFERS FOR SALE, PLACINGS & ENTRODUCTIONS

Clayform Properties is to raise 227.1m vis a placing and open offer. Ex-Lande is to raise 215m vis a placing and open offer. Flying Flowers is to be Boaled via a placing of 5.29m shares at 85p. Glossear Exploration is to raise funds via a placing of 5m shares at 9p. famerie is to raise £1.28m via a plecing and open offer of 78.8m shares at 2p.



Easier to complain

UNHAPPY life insurance and pensions policyholders should have an easier time pressing their complaints under procedures to be adopted by a new self-regulatory body proposed for the financial services indus-

So far, the Personal investments Authority exists only in name. But one of the chief reasons for its birth has been the absence of coherent methods to

handle grievances. For those seeking more than just an apology or modest redress, the present system works poorly. Lord Ackner, in his just published report on it. noted that each of the three self-regulatory bodies for the industry - Fimbra, Lautro and Imro - has different rules for handling complaints and varying abilities to award compen-

The future of the PIA is still unknown. But if it is established, the ambiguities in the present mechanism should dis-

First, all companies will be required to resolve a customer's complaint - albelt not necessarily to his satisfaction within six weeks. Those who remain unsatisfied will be able to approach an independent conciliation service, unconnected with the PIA, to have it

Name of Society

Alliance & Leicester

Burosley (8225 733999)

(0902 730730)

Ackner rejected specifically the suggestion that the PIA itself act as conciliator. If it did, it would risk being viewed as a captive of the industry. This is a suggestion which the new body wishes assiduously to avoid.

The conciliator is intended to be a professional organisation. with skilled individuals experi-

Norma Cohen reports on a new watchdog for the financial services industry

enced in bandling complaints and resolving them. But before a complaint even lands there. the PIA will review the paper-

It is possible that the PIA will urge a company against which a complaint has been laid to take a different approach. Or it might ask a complainant to visit the PIA to discuss some detail which might have been misunderstood or even overlooked

entirely. Once a case comes before the concilator, the judgment will consider not only the contrac-

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5.49 5.93

tual wording of the policy and the legal obligations on the seller but also what is "best practice."

This means that a company which did not violate any rules technically, but which broke the spirit of the rules in selling or maintaining a policy, could be required to make repara-

tions to a customer. This issue was a sore point for some in the industry who had opposed it on the ground that they were, effectively, providing investors with a free service as an alternative to having to resort to the courts. Why, they argued, should

they pay for a service which offered the possibility of a solution hetter than what might have been achieved in the Ackner rejected such argu-

ments, more or less on the ground that the industry held the upper hand because of access to greater resources and expertise. The new system is intended to redress that imhal-

The conciliator will have the power to award restitution of up to £50,000, but those clients who are dissatisfied with any ruling will still have leave to bring their case to the courts.

Investors should breathe a sigh of relief that some of the suggestions put forward by

Interest Minimum

Balance £

Tiered 75,400

50,000 1,00,000

5,000 9,000

5,000 25,000

Triy



Ackner... rejected arguments

parts of the industry have been rejected. Most potentially damaging of these was the Life Insurance Association's proposal that any complainant whose case did not stand up to scrutiny would be required to bear the costs of bringing the complaint.

A rule like that would, in effect, have killed off all but complaints of the most blatant instances of contract-breaching - hardly a reassuring environment for investors.

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they will also pick companies with strong prospects of mov-ing into the Chinese market. Initially, the fund is not

News in brief

SCOTTISH Equitable Is launching a product which combines investments in Its cash and worldwide tactical unit trusts. The idea is that 30 per cent of the sum is invested in the cash trust; monthly withdrawals are then made to generate income which (since it represents return of capital)

The remaining 70 per cent is invested in the world-wide tactical unit trust, with the aim of producing enough growth to more than recoup the income withdrawals. Worldwide Tactical Trust was 15th (out of 115) funds in the international equity growth sector over the five years to July 1, with a return of 83.8 per cent.

There is no guarantee that the original capital will he returned. The income taken can be up to 6 per cent of the total invested but, of course, the higher the income level, the greater the risk to capital. The product has a five-year term but there are no penaltles for early withdrawals.

Charges on the investment are 5.25 per cent initial and 1 per cent annual on the worldwide tactical trust: 0 per cent initial and 0.5 per cent annual on the cash trust. The minimum investment is £10,000.

JOHN GOVETT Unit Management bas formed a Greater China fund by reconstructing Its Pacific Income fund. The new unit trust aims to achieve capital growth through investing in companies with exposure to the rapidly growing Chinese economy, principally through Hoog Kong, Taiwan nd South Korea

Managers will be looking for companies which have 10 per cent or more of their sales, profits or assets located in China. In the case of South Korea, which bas only recently re-established diplomatic relations with China,

The initial charge on the fund is 5.75 per cent, and the annual is 1.5 per cent. The minimum investment is £1,000, or £50 a month. LAURENTIAN Financial has launched a critical illness policy called the Lifestyle Security plan. The policy uses definitions for the main critical illnesses - heart attack, cancer, stroke, kidney failure, major organ transplant and

mes with substantial interests

in China.

coronary bypass surgery drawn up recently by independent financial advisers as a basis for industry standards. It will also include benign brain tumours, paralysis, terminal illness, motor neurone disease and multiple sclerosis.

Laurentian's definition of total permanent disability is based on inability to perform "activities of daily living" such as eating and dressing unaided, rather than the inability to work, which is the basis for most companies' definitions. This could mean that the cover is not as comprehensive in certain circumstances and makes it more difficult to

compare with other policies. The policy can be taken out by anyone between 18 and 70, and premiums start at £12.50 a month.

Offshore bond funds

THE TABLE lists the 10 industry. Note that the funds best-performing offshore sterling-denominated fixed interest funds with a three-year record. The funds shown are recognised by the SIB, the chief regulator for the financial services

are quoted on an offer-to-offer basis - which enhances their apparent performance. Offer-tobld figures cannot be used because some funds have a single price but add a charge.

Highest-performi	ng 10 offshore	bond fund	5
Fund	Size (£m)	Yield (%)	Perf
Barclays Sterling Bond	255.0	8.8	59.7
TSB Gift & Fixed int	1.2	7.5	57.9
Lloydstrust Gift Fund	491.2	7.4	57.0
Guinness Fit & HI Yld	3.0	8.0	56.9
Hill Samuel Stg Fixed	32.4	7.4	56.8
Govett GSI UK High Inc	17.9	B.7	56.3
Sun Life Secure Hi Inc	8.5	7.4	55.7
TSB GR	144.3	7.6	55.4
Henderson Horizon Flx	6.6	7.4	53.0
CMI UK Bond	15.8	7.4	52.9

ourse. Firstet, a As of July 1, " Offer-to-offer with net income resressing over time years to July 1 Funds without times year record are explicit

The Week Ahead

ON THURSDAY both Royal half. Dutch/Sbell and British Petroleum report their second quarter results. Shell is expected to show a healthy rise in current cost net income from £516m to about £760m. Results will have benefited from a weaker pound, stronger natural gas prices in the US. cost-cutting and solid performances from non-OECD countries. The biggest question now hangs over the dividend payment, which will not be announced until September 18.

This time last year BP announced a dividend cut and £835m of post tax exceptional restructuring provisions. For the latest quarter analysts are looking for replacement cost net income of £240m with a dividend of 2.1p.
Abbey National is expected

to show pre-tax profits of around 2315m after bad debt provisions of some £160m when it reports its interim results on Monday. It is expected to be hit by provisions on French operations, but show strong mortgage lending in the first pared with £247m last year.

On Tuesday National Westminster is expected to show profits in the range of £280m to £350m with a strong performance anticipated from treasury and capital markets. The bank is likely to cover its interim dividend for the first time since 1989. Midland, whose perent bank

HSBC Holdings reports on August 31, is expected to contribute pre-tax profits of around £200m on Wednesday, while Barclays is expected to show recovery from losses last year to pre-tax profit of between £120m and £170m.

The interims from Reed Elsevier, the international publishing and information group on Thursday are the first combined results since the merger of Reed International and the Dutch publishers Elsevier took effect at the beginning of the year. That and a change of year and has made analysts wary of forecasts but James Capel is looking for combined pre-tax profits of £287m com-

Yely Yely Helidy Account 's Yely Mas Vietage 3 Bood Mas Vietage 3 Bood 8.18 8.38 623 190,000 the base rate on Thomason Account. Catholic (071-222 6734/7) 90 Bay E2K+ 6.75%/5.86% act. Century (Edinburgh) (US1 556 1711) bitres Esta Guaranteed to 31.12.93 (7.90% therester) 'A' Shares 457 532 633 538 6.09 7.20 Instant Access. He Penalties C&G Testant 7 lastest, with 7 day has at laterest, Mir. by. 15900 Cheltenbum & Gloucesti (8809 717505) CRy & Metropolitan Sest 10 (Closed) (Rev rates from 1/1/15) ESIA 7.99%, EZIX 7.60% SUM 7.15% 7.50 7.76 250,410 90 days methers, glal. Rate to be unt less than stated to 31.8.83 7.23% 10K, 7.58% 25K 90 days actico/parently Tierral A.C. EZSX-4.22%, ELX-5.99% Instant access Tierral A.C. EZSX-5.40%, ELXX-5.99%, ELX-4.40% 5.06 4.57 5.43 90 Day Instant Optic 1.75 6.75 Tely Tely Yely Corestry (820) 252277) 6.10 7.25 40,000 46,000 Thered AC EZER 4.75%, ELE 4.49%, EL 5.00% Two Year Pleas 7.25 5.43 Yely Yely Yely Yely Premium XII:a Fremium XII:a 7.35 7.35 5.51 5.49 5.18 4.91 Gram estes lexicals 0.2% areasi gram house asyable where on within scor. See withdrawal up to £5,000 Римония Хига er much where CLE.000 reserve Syr have Including 2 becases Lueds & Halbeck (0532 459512) Capital Send 6.00 150,049 10 days outles/penalty. Monthly income outlook also available Gold Access 4.50 5.66 4.20 4.75 5.81 5.44 4.65 5.25 5.70 5.88 6.07 31 Dec Annual Mitthy Assemble Monthly Monthly Monthly Monthly £50,000 No station on penalty Bours, Geld Bours, Gald Includes an interest boson of 0.50% G p.a. provided no within nest (9532 438181) made during provinces 12 months period. Tiered rates from \$18,000. 25,000 50,000 bestant access on possits. Thered interest rates from FTS Linuid Cold Selid Cold (astant access, on possity on min of CIU.190. Otherwise 78 days 90,009 100,604 100,004 5,000 14,000 Solid Gold nation on 98 days loss of interest. Thered interest rates from \$500. Rainbow 60 60 days restica Armal interest 25,000 50,000 100,000 250,000 50,000 50,000 25,000 10,000 25,001 10,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 Rates include 1.5% astle (891, 232, 6676) Access SHORy Access Instant Access Nova Phis Nova Star (71b lasted access. Tiered Azzenal 15 month bead. Rate variable. North of England (291 518 8049 30 days writeefess. Pestal account. Lower rate available on £2500+ and for exertily fecure. 90 day setice. Rate includes 0.58% arrest elichanak made in each full year High interest chapte accessed. 2,500 50,003 500+ Tiered 500 15 60,000 30,000 25,000 25,000 100,000 50,000 100,000 100,000 san (9292 292 444) Yriy Yriy Associa Associa He reduce, no penalty Inchales 9,25%, bases for on withday Principality (0222 344188) Monthly Botton, 90-Day Hotics, Instant Access Pers Results Stelen, Martisly Inner Shinton (0756-700511) Fixed rate could 31/12 VI. Peachy Fired rate certil 31,12,93. Penalty. Instant access, no pessity. 7 skys notice. Mantily income avallable. 2 years fixed rate. No withdrawals or closeres. Strond and Swinder (8800 49**2**192) Limited after Monthly income available, Rates carable, Que lostant withdrawa us to \$3000, others at Tusta Premi Kuy 90 Phys Key 90 Phys Yurkshire (0274 734822) 90 days selice or less of interes

FINANCE AND THE FAMILY

Leaseholders get the go-ahead

Now, they are free to enfranchise - but the problems are just starting, warns Bethan Hutton

LAT owners with dwindling and unmortgageable leases can look forward to better times come November when a new law will entitle them to extend their leases at market rates. But leasebolders of flats in badlymanaged blocks, whose situation was also supposed to be eased by the new law, may find it is not the answer to their

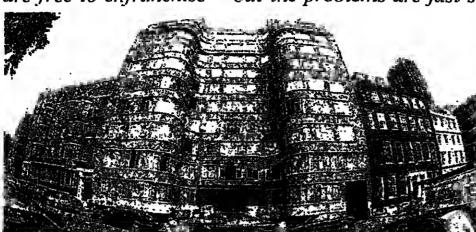
After a difficult passage through the Commons and the Lords, the Leasebold Reform, Housing and Urban Development Act received royal assent this month. It is due to come into force on November 1.

It is immensely complicated but gives flat leaseholders two besic rights; to extend their leases or, if the block of flats and a proportion of its residents meet certain criteria, to enfranchise - club together and buy the freehold. This gives them the power to manage their own block and extend their own leases as they see fit. Some of the main conditions

for enfranchisement are: ■ At least two-tbirds of the flats must be let on long leases (more than 21 years at the time leases were granted). At least 90 per cent of the floor space of a block must be

At least half the flats where owners wish to enfranchise must have been the principal residence of their leaseholder for the previous 12 months, or for at least three of the previ-

■ The ground rent (not main-



tenance charge) must be low. which is defined as less than two-thirds of the rateable value, or, if the lease was granted after April 1 1990, not more than £1,000. ■ Two-thirds of qualifying leaseholders must agree to

enfranchise If a block is converted, or has fewer than four flats, the landlord must not be resident. Some of the conditions sound unobjectionable, but they will stop large numbers of leaseholders from enfranchising. The condition that a maximum

of 10 per cent of a block's floor

space can he non-residential will rule out most of the 20th century euburban blocks built over rows of sbops. An unknown number of flats will fail the low rent test, par-

ticularly as some landlords

bave set the ground rent deliberately at a pound or two over two-tbirds of the rateable

The residency test might stymie the bopes of leasebolders in many central London blocks where a large proportion of the flats is owned by companies or the properties have been bought as a pied-e-terre by for-eigners or people living in the country. Flats on the south coast and other popular boliday resorts may bave similar problems if more than a few in a block are used as holiday

Some blocks with severe management problems - excessive maintenance charges and negligent landlords - may find that they are ineligible for enfranchisement because the nature of the block or the peo-

ple living in it makes it subject to one of the exclusions. Individual residents would etill be able to extend their leases in this situation, but they would not gain any rights over man-

aging the block. Even if a block and its residents pass the eligibility test, they must then decide if it is actually worth their while to enfranchise or extend their

Owners of leases on highvalue bouses (also eligible for enfranchisement under the new law) stand to gain the most. Surveyors estimate that houses in central London could make £250,000 from enfranchising their properties.

Holders of flat leases with only 20 or 30 years left have little to lose and much to gain

from extending them; their properties would then become saleable and mortgageable. But anyone with a lease of 80 or 90 years on a flat in a well-managed block could find that the amount of time and money absorbed by the enfranchise ment process would outweigh any gains. One problem is that costs involved in enfranchisement can only be guessed at until the first test cases

The amount leaseholders will have to pay for the freehold is based on a calculation of the market value of the free-bold of the block, plus the "marriage value" - how much more the leasehold and freehold are worth together than

The law states that leaseholders must pay the landlord at least 50 per cent of the marriage value. Many landlords are expected to hold out for more than 50 per cent, possibly as much as 75 per cent.

Many leasebolders will need to get a loan to buy their share of the freebold. Arranging lots large block could be compli-cated and time-consuming, but the Council of Mortgage Lenders is considering lending directly to companies formed hy residents to buy the free-bold, which could simplify the

The other unknown cost factor is fees for professional advice. Leaseholders are liable not only for their own legal costs and surveyors' fees but also those of their landlord, The law states that these must

be "reasonable," but it will not be possible to define that until the ground bas been tested.

Also, If a freeholder is unwilling to sell, it will be possible for him to prolong the process - forcing the case first tribunal followed by the Lands Tribunal and then conceivably to the High Court, pashing up fees all round.

If you and your fellow-less rs decide to go ahead, the first thing to do is serve a dis-covery notice on your immediandlord (who might not be the freeholder) asking for the name and address of the freebolder and details of other interests in the property.

The next step is to create a

company to act as the purchaser, and to serve a tenants' purchase notice on the landlord and the freeholder, giving details such as the proposed

The freeholder will respond with a counter-notice saying wbether be agrees with the terms offered. If not, e process of negotiation follows.

If agreement cannot be reached within two months of the landlord's counter-notice, the matter can be taken to a leasehold valuation tribunal.

■ The act has just been published and copies are available from Her Majesty's Stationary Office. The Department of the Environment has an leaflet on the subject. For a copy, telephone 071-276 3398. The department is planning to publish a detailed quide later this

market for gold is now over and that a medium term bull phase has begun, investors should consider placing a small proportion of their exment portfolio in a Gold Fund. Among the top performers, with a growth of 93.8% so far this year, is the Guinness Flight Global Gold Fund. The Fund invests in a well diversified

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Directors' transactions Holdings cut again

HARD ON the heels of last week's significant sales in Logica, the same two directors have been cutting their holdings further. Each has disposed of a further 25,000 shares, bringing the total amount sold, over that

extended weekend, to 200,000. Dealing by directors in Etam. the women's wear retailer, has been fairly modest in recent years - some small purchases in 1990 at around 70p and some fairly small sales last year at around 250p mark. But the sale by Jacob Flatau. a non-executive director, of 100,000 sbares is on an altogether different scale. Shares in Etam have been on a strong upward trend since late 1990 but, recently, it has been losing momentum. Earnings are forecast to rise

by approximately 40 per cent in the year to end-January 1991 and by a further 15 per cent the following year. That sort of growth should ensure the sbares avoid any dramatic setback such as the ones seen in 1990, but the upside potential already seems

discounted at the ground level Court Cavendish was floated on the market on July 13 1993 and, despite the issue being over-subscribed, ended the first day dealing at a discount to the issued price of 225p. That discount has since fallen further and five directors have at 187p. So far this year, a number of nursing home companies have come to the market or raised capital.

the Inside Track

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	directors
SALES				
BPB Industries	BdMa	15,756	34	1
Delyn Group	Pack	35,000	29	1.
Densitron		125,000	45	1
Elam	Slor	400,000	1,000	1
General Electric Co		175,000	580	1.
Jacques Vert	Text	500,000	548	2
Logica		50,000	122	2
Pelican Group		250,000	155	1.
PURCHASES				
Aberforth Sm Cos Wt	InTr	17,000	12	1
Barlows		1,533,238	665	1
Birkby		7.200	11	2
BPB Ind Cnv Sub Bds.		20,000	21	1
Brit Bloodstock Agy		65.000	33	1
Burtonwood Brewery		15,000	21	1
Capital Gearing		19.500	81	1
Cosait		33,000	31	5
Court Cavendish		16,300	30	5
Dinkie Heel		88,000	19	2
Geest	FdRe	15.000	54	1
Gibbs Mew		22,500	66	1
Legal & General	inst.	3,000	15	1
Leveraged Opp Trust		20,000	21	1
London & Atlantic		18,228	15	1
Mercury Assel Mgmt		4,926	27	1
Morrison (WM) S'mkt		125,000	156	1
Neepsend		400,000	96	1
Next	Stor	75,000	128	1
Shoprite		50,000	73	1



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1950	£1,782	£1,188	
1955	£5,678	£1,346	
1960	£9,108	£1,589	
1965	£15,679	£1,901	
1970	£30,269	£2,369	
1975	£35,455	£3,304	
1980	£72,231	£5,046	
1985	£191,470	£7,741	
19 9 0	€396,266	£12,052	
1993	£702,631	£14,310	

This table may come as a shock for building society account holders.

• Base net tate to 1972 - source: BZW. Thereafter, higher net rate - source: Micropal, Figures are to 31st December [1993 figure to 30th June) and are based on total return, net income renovested. **Calculation by Foreign & Colonial Management Ltd. using mid-market prices, net income renovested, at 31st December [1993 figure to 30th June), includes historical 3.59 notional expenses. Current charges are 0.2% commission excluding 0.5% Government starop duty (minimum 5Op).

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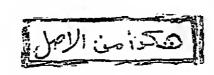
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FINANCE AND THE FAMILY

Unit trusts / Morgan Grenfell European Fund

Successes outweigh the errors

markets have offered fairly slim pickings since the fall of the Rerlin Wall in 1989. Many a fund was launched in the general euphoria, only to suffer as German interest rates were

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re-unification Morgan Grenfell's European fund has performed consistently well through the turmoil Not only is the fund top of the sector over the five years to July 1, with growth of 141.8 per cent (offer-to-hid with income re-invested), hut it is in the top quartile (best 25 per cent) of funds in the sector over every period published by Micropal (one month, six

months, one and three years).

kept high to meet the costs of

The fund has been managed hy John Armitage since its aunch in 1988, when Morgan Grenfell moved into retail unit trusts. Figures show the fund beat the Morgan Stanley European (ex-UK) index comfortably in 1988 and 1989 and did so again in 1990 (although both the offer price and the index fell sharply that year). It had a poor 1991, underperforming the index substantially, but picked up again in 1992 and is well ahead this year.

"I only like to invest in things with substantial upside. I reckon that 30-40 per cent of what a fund manager does is a matically in line with the marmistake," says Armitage. "The

1 Aug1968

Morgan Grenfell European Growth Trust

successes have to go up a lot to allow for the mistakes." His higgest success was the Swiss watchmaker SMH, but the holding is still a source of regret. Although the share price has increased fourfold since he bought a ataka, he sold part of his holding after the shares rose just 35 per cent, and did not get the full benefit of his original decision.

Armitage says he tries to be as eclectic as possible and, accordingly, doea not buy stocks that rise and fall autoket. He cites his purchase of shares in Norgeskreditt, the asset value was around Nkr220 and the dividend yield was 5.5 per cent. Almost immediately,

Nkr100 on the ground that the a Norwegian financial crisis daveloped and the shares slumped to Nkr62. Given that Norgeskreditt was a substantial holding in the fund, this worried Armitage; but the shares have doubled over the past eight months and are 33 per cent ahead of what he paid.

wanted liquidity and were willing to pay a premium for shares in large companies," says Armitage. Ha believes there is more value to be found among small and medium sized company shares.

His focus is on stock-picking rather than asset allocation, although he tries to fit stocks within an overall strategic framework. At the moment, he is not overly bullish about continental equities, particularly in tha "hard core" markets of <u>mainland</u> Europe.

"Markets are at levels which discount a return to profitability," he says. But he believes industrial earnings will remain weak as volumes and prices come under pressure.

On the positive side, Armitage says: "There is a crashing need for interest rates to fall." If this occurs, equities should benefit as funds flow out of

cash and bonds. The fund's top 10 holdings are: SIP/STET (Italian telecommunications group), Astra (Swedish pharmaceuticals company), Securitas (Swedish secu-rity company), Parmalat (Italian dairy products group), Colruyt (Belgian food retailer), Bank Julius Baer (Swiss bank), Christian Dior (French fashion house), Ava (German food retailer), Scor (French re-insurance company) and Fila Hold-

ings (Italian sportswear group).

spread, the Morgan Grenfell fund is underweight (relative to the Morgan Stanley index in France, Germany and the Netherlands and overweight in Italy, Sweden and Norway. The fund's current asset allo-

cation (percentages in brack-ets) is France (17.8), Germany (15.7), Italy (15.1), Sweden (14.5), Switzerland (9.2), Norway (6.8), Spain (6.7), Netherlands (2.2), cash (1.6) and others (10.4).

At nearly £130m, the fund is one of the dozen largest in the European sector. Only five other funds (Eagle Star European, Fidelity European Income, Henderson European Income, Lazard European Growth and Providence Capito European) can match its achievement of top quartile performance over six months, one, three and five years.

The initial charge is 5.25 per cent and the annual 1.25 per cent. The bid-offer spread is around 6.6 per cent at present The minimum investment is £1,000 or £25 a month via the

The trust is Pepable at no extra charge; however, it pays no income and is suitable only for those looking for capital

Philip Coggan

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Diary of a Private Investor / Kevin Goldstein-Jackson

"In the European bear mar-

More help for small shareholders

ple applied for shares in BT3. But bow many of them also will buy shares in non-privatisation issues? Probably considerably less than two-

Although it has been estimated that British adults owning shares have increased from 9 per cent in 1979 to about 25 per ceot, more than 70 per cent of them have an interest in only one or two companies. According to figures from

Proshare - of which more in a nies as Granada, Eurotunnel, moment - private shareholders in 1957 held 65.8 per cent of UK quoted shares directly, while pension funds and insurance companies accounted for 12.2 per cent.

By 1989, and despite a spate privatisations, the number of UK quoted shares owned directly hy private investors had slumped to 21.3 per cent. while pension funds and insurance companies owned 48.8 per

What explains this dramatic change? I believe it can he attributed largely to two things: the considerable tax advantages given to pension and life assurance companies compared with private invesand the belief by many people that, apart from privatisation issues, owning shares is rather risky and best left to "experts."

Another reason why many private investors view direct investment with some caution is because they have read about corporate scandals, such as executives awarding themselves huge salaries for modest successes and heing given excessive payments to leave companies which they have brought almost to their knees. What influence can an ordinary private shareholder have over the general governance of a company?

City institutions have a number of powerful committees which make representations to the government and can use the threat of their massive voting power to work behind the scenes to encourage changes in various badly-managed companies. But where are the equivalent committees to represent private shareholders?

Many people also are unsure about how to buy shares. It is easy with privatisation issues: iust clip a coupon in a newspaper. But acquiring shares in other companies can seem a daunting experience. Where can they turn for impartial help and guidance? Fortunately, there are now

two organisations which seek to improve the lot of the pri-vate investor: Proshare, and the UK Shareholders Association (UKSA). Proshare was formed last year and encompasses the old

Wider Share Ownership Council and the Stock Exchange Inveators' Club. It offers a number of attractive benefits in return for the £30 annual subscription. I have been a member since

the start and, besides an infor-

mative and well-written montbly hulletin, I have received a number of other useful publications. Especially helpful was Proshare's Guide to Information Sources for the Private Investor. This ranked letters, radio and television programmes, and a variety of other information sources according to their value for money, ease of use, simple language and up-to-date information. It also gave hrief summaries of the content and nature of each information acurce. along with details of cost and how and where it could be Proshare organises events

for members, too. These have included visits to auch compa-

their relations with particular Pilkington and British Airways, plus visits to the stock exchange and seminars on a variety of investment topics, including options. Proshare members also get details of a variety of special offers on products likely to be of interest

to private investors. Financial support for Pro-share has been provided by the stock exchange, the Department of Trade and Industry, a number of major companies and the Gatsby charitable trust. But while it aims to "stimulate fiscal initiatives that will give the private investor equal taxation treatment with the institutional investor and will engage in "promotmore user-friendly and lower cost share distribution ser-

vices," Proshare does not offer

companies. This task is done ably hy the recently-formed UKSA. The association is independent and gets all its income from subscriptions: £20 a year for full members and £12.50 for Its main aim is to "stand up

for private shareholders" as well as to "provide a forum for private shareholders to voice their concerns" and "promote improved standards of corporate governance." Already, UKSA has submitted a number of recommendations to various industry and government com-

mittees There are thriving shareholder organisations in Germany, Holland, Sweden and learn from them. I have joined to three newsletters a year, openly to aid shareholders in although the association hopes eventually to produce between six and 12. UKSA also organises special events, which have included meeting John McFarlane, chairman of the task force established recently hy the Auditing Practices Board to look into "the future devel opment of auditing."

I very much welcome the advent of these organisations. Perhaps it will not be too long before the government heeds their advice and reverses the seemingly inexorable decline of direct investment in shares by private investors.

■ Further details of UKSA can be obtained from its chairman, Donald Butcher, 12 Burgh Heath Road, Epsom, Surrey KT17 4LJ. Details of Proshare are obtainable from its offices at recently and can look forward Library Chambers, 13-14 Basinghall Street, London EC2V

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FINANCE AND THE FAMILY

'Shell' stocks look ripe for reincarnation

Nicolas Phillips examines the potential for revival by moribund companies

HE GROWTH in business confidence in recent months has prompted talk about reviving "shell" stocks - moribund compa-nies ripe for reincarnation under new management. While this type of stock market activity has been dormant for several years, it is not difficult to see why using such companies should again become popular.

There are, after all, a considerable

number of potential candidates which have only just weathered the economic blizzard. There is also a new generation of managers which, having served its apprenticeship in an established congiomerate, is now ready to create one of its own.

Knowing there is potential shell. activity around is tantalising to the private investor because of the chance of making some very quick and large capital gains. But where does the average private investor find "shells" before the all-important emergence of new man-agement to transform that dormant quote? How can the private investor shorten the time between making a decision to buy shares and then seeing

some take-over activity? There is no certain method of picking either the right company or the right time. But there are several steps a private shareholder can take in an effort. to reduce the odds from "rank outsider" to "short favourite" and see more rapid

First, look at the capitalisations of the various companies quoted on the stock market. Any entrepreneur seeking a suitable vehicle with which to realise a stock market ambition will generally be seeking a company with a accountaints, solicitors, stockbrokers low capitalisation, since it will not only and bankers). People notice such be more affordable but its share price things; But how does a would be inveswill move disproportionately once other people realise what is happening.

Therefore, rule number one is to consider only those companies with a capitalisation below from Before their transformation, such companies as Bel Air Cosmetics, Polly Peck, Mellins, Excalibeted set fair for a very profitable run bur Jewellerr, and DSC all had uniness to be suspended well within that limit.

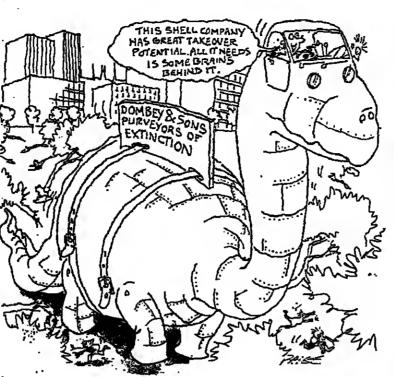
Armed with the Financial Times, or the Stock Exchange Official List, and ignoring USM companies, pick out only those companies which satisfy that capitalisation limit. It will probably leave you with a list of some 250-300.

A further narrowing of the field is achieved if only those companies which are making poor profits (or even losses) are chosen – strange advice from which most sane individuals will tell you to steer well away. But there is method in this madness. Companies which are well managed and producing increasing profits each year are better able to resist take-overs and, in any case, will not be capitalised at under £6m for

It takes time and effort to glean information on small companies' past performance. The FT, Investor's Chronicle and the Business Library are the best sources, and a few hours devoted to this task will be rewarding. But, in a postrecessionary period, you will still be left with a formidable number of companies from which to choose.

Watch price movements over a period plotting these at least once a week on some graph paper. A rising price, often over a period of several weeks, is inconsistent with a company which has hit hard times. Someone always knows more than you do; and while insider trading rules have limited severely the use which can be made of "price sensitiva" information, an exami-nation of share prices and subsequent corporate activity suggests this legisla-tion has succeeded only partially.

. When a company is on the receiving end of take over activity, it is involved in talks with its advisors (such as tor know if two and two is being added to make five? An observer could, very easily, draw a wrong conclusion - and that could mean a very expensive mis-



So far, we have achieved nothing other than risk money and have the dubious pleasure of watching the share price gyrate until the company announces what is happening. We need now to try to introduce some degree of certainty into the selection.

By looking again at the financial press, company reports or information in the Business Library, you will be able to find out who owns large stakes in companies. If you seek out those where, in particular, the board of directions to the seek out the seek out the seek out those where, in particular, the board of directions to be seek out the seek out tors has a holding (say, up to 30 per cent), you can be reasonably sure that it might at least have the wit to know when it is beaten and seek to sell its shares hefore the company goes bust. That directorial shareholding could. therefore, become the all-important stake a budding entrepreneur requires.

So, there you have it - a simple system. Below £8m capitalisation, making losses/small profits, rising share price, and a boardroom shareholding to help underpin your stake. What could he easier? Your way to riches is assured -

First, you will have to contend with your stockbroker's stunned sileoce when you ring to place your buy order. He will suggest so many other more rational ways in which to invest your money. He could also be right. I can remember buying my second tranche of shares in Excalibur Jewellery when the price had risen from 11p to 13.75p. They subsequently went to £1.40. Alas, his caution was all too prophetic when it came to Ramar Textiles.

If, however, you have decided to try

the "shell" game with a portion of your funds, do not be dissuaded. Later. though, when you have established to have yesterday's news.

your credibility as a shrewd punter, you could have to be careful to spread your buying instructions over several brokers so that they do not start following you, forcing you to pay more on subse-quent purchases. How often have you had a call from your broker suggesting you huy something because "one of our other canny clients has just bought very heavily."

Second, you will have to be prepared to huy in relatively small lot sizes. Gone are the days when you could pick up sizeable chunks of small companies without being made to pay excessive premiums over the share price. But there is ofteo time, and your patience will be rewarded by being able to buy at reasonable levels.

Third, you will worry that, if the price has started moving up, it might be too late to jump aboard. An examination of many "shell" operations reveals that, almost always, the initial rise in share price is followed by either a plateau or even a drop - presumably, as other investors get cold feet and decide pull out.

I referred, at the start, to the reincarnatioo of shell activity, which pre-supposes there are dormant periods. How do you recognise when such a period is about to descrod on your efforts at making a fortune?

A wise old US investor suggested. many years ago, that "when the bellboy in the lift starts giving you share tips, you know that the market is riding for a fall." Nowadays, there are not many bellboys around so, for its modern equivalent, beware the time when your bank manager gives you tips to buy speculative stocks. They always seem

A husband's T bad conduct

until the penoltimate year.

Then, it is taxed on the cur-

rent year hasis or the previous

year basis , whichever is more favourable to the Revenue. In

the final year, it is assessed on

sell her income bond this year.

the amount assessable for tax

would be significantly greater

thau the income actually

Has the Revenue interpreted

the tax legislation correctly? If

so, what should my moth-

er-iu-law do to minimise her

Yes, what the tax office told

your mother-in-law is an accu-

rate paraphrase of the relevant

parts of sections 64, 66 and 67

of the income and Corporation

Although we have men-

tioned these capricious rules in

our columns from time to time

1988 Act merely re-enacted

As you say that your moth-

er-in-law "was advised" to buy

bond, perhaps she has grounds

for a formal complaint against

her adviser for not warning

her that she would be taxed on

more interest than she would

actually get if interest rates

If she read the National

Savings Department's adver-

tisements and/or descriptive

leaflet before deciding to act on

the adviser's recommendation, she might wish to submit a

formal complaint to the depart-ment or to the Advertising

Standards Authority if she con-

siders that the poteotial tax

charge on uon-existeot interest

was not made sufficiently clear by the department's literature.

She might also wish to com-

plain to the Board of Inland

Reveoue about its oecision not

to produce an explanatory leaf-

let on the odd rules for the

Finally, soe might wish to

send copies of her letters of

complaint to her MP although.

unfortunately, the House will

taxatioo of untaxed interest.

fell over the life of the bond.

If my mother-in-law was to

a current year hasis.

received.

liability?

Taxes Act 1988.

MY DAUGHTER'S husband taxed on a previous year basis has started to behave badly with the aim. I suspect, of gaining a financial settlement if it came to a separation or

I am particularly concerned about two assets: (a) a house I gave my daughter (value £60,000 after the wedding. value £90.000 now), and (b) a personal equity plan of £50,000 in my daughter's name. which I funded. The marriage was eight

years ago and there is one female child aged two. The hushand has virtually no assets. Is there any advice you can offer to mitigate this situation? We live in Scotland. The house which you bought and gave to your daughter will not be taken into account in assessing her husband's share of the matrimonial property, owing to the fact

that it was given to her. The personal equity plan is over the years (hecause the slightly more problematical. It long-standing legislation on this point), they do still unformight he more difficult to prove that you funded it. If, however, you are able to prove that you did, then it would also tunately come as a shock to some of our readers. fall out of the definition of "matrimonial property." Accordingly, it would not be shared by the hushaud on a National Savings income

Tax is more than income

ABOUT FIVE years ago. my mother-in-law sold her house and moved iuto a resideutial home. She was advised to invest the proceeds from the sale in a National Savings iucome bond.

The interest from this is paid mouthly without deduction of income tax and is her majo source of income.

lu assessing ber liability, the luland Revenue has advised that untaxed interest is assessed oo a current year basis for the first and second year of the income received. The third year can be taxed either on a current year basis or a previous year, whichever is beneficial to my mother-in-law.

After that, the interest is

sbortly be rising for its exceedingly long recess.

The address of the Board of Inland Revenue is Somerset House, Strand, London WC2R ILB. The House of Commons' post code is SWIA OAA.

An MP who won't answer

DESPITE writing repeatedly to my member of parliament about the unprofessional manuer in which the Inland Revenue has dealt with my tax affairs, he either fails to reply or gets his secretaries to reply (clearly, they have not both-ered to read my correspon-

I have asked for the matter to be referred to the ombudsman but, again, my MP failed to reply. Can you provide me with the address of the income tax/Inland Revenue ombuds

Second, is there an independeot body to which one can write with a complaint about an MP's attitude. It seems ridiculous that an MP can simply fail to do his job for his constituents.

■ The address of the Revenue Adjudicator, Elizabeth Filkin, is 3rd Floor, 28 Haymarket, Loudon, SW1Y 4SP. The phone

number is 071-930 2292.

As a first step, ask your tax office for the free pamphlet IR120 (You and the Inland Reveoue) if you have not yet seen

MP are free agents - indeed, they are even free to decide not to go near the House of Commons between election and the next dissolution, and to ignore all correspondence. Those who voted for them must accept the consequences of their choice. as must all their other constituents, in defence of your MP, we should point out that the volume of correspondence received by most of them would overwhelm many bustness people.

Minding Your Own Business

Gunsmith over a barrel

Tim Burt visits a family company which has lost its market

IBOR Takats has a lethal workshop. It is a repository of halfistic hardware: the kind of place Serbian militiamen dream about. There are guns galore: bolt actions. pump actions, double harrels, pistols, stocks, grips and firing. mechanisms by the boxful.

Sitting amid the stockpile. and wearing his speciacles and : crumpled cardigan, Takats - a Hungarian war veteran -looks more like Gepetio, the benevolent wood carver in Pinocchio, than a firearms manufacturer. Unlike Gepetto, Takats' story is no fairy tale. As a teenager in Nazi-occapied Budapest, his apprenticaship at Skaba and Plokl, the city's leading gunsmith, was interrupted in 1944 when he was drafted to fight the advancing

The craftsman says he only survived because he was hospitalised with shell shock. Captured and interned in 1945. he decided to flee Hungary after being forced to "loot furniture for the glorious Red Army".

He escaped, only to be arrested in Austria by the British Army which was screening refugees in the search for war criminals. The detention camp near

Klagenfurt proved to be Takats' gateway to business in Britain: he was recraited at the camp as a volunteer worker for the labour-starved Since arriving in 1948, Tak-

ats has built up one of the country's most specialised gun shops. It relies on expertise gained in the back streets of Budapest and in the more relined atmosphere of Holland and Holland, the London gunsmith, where, in the 1960s, he repaired shotguns with pedigree names such as Cogswell and Barrison, Henry Atkin and Thomas Bland.

Today, however, such weapons are not attracting buyers. Takats' own business - set up with a £9,000 loan more than 30 years ago to refurbish .303 rifles for the armies of newlyindependent Commonwealth states - has lost its firepower.

Looking round his workshop in Ware, Hertfordshire, the war veterau points out a dusty print of a 19th Century bunting scene. It depicts a poacher caught in a trap and is cap-



Under the gun: Tibor Takats with his wife Connie and son Graham

tioned "A painful discovery". The words are a fitting verdict on many gunsmiths struggling to overcome tha long

Takats dates the beginning of his downturn to August 20 1987. There were no interest rate rises or currency crises that Thursday; it was the afternoon Michael Ryan killed 14 people and wounded 15 others with a Kalashnikov automatic rifle and a pistol.

The government quickly tightened firearms law, introducing new restrictions on sales and ownership. More importantly, perhaps, Britain's worst mass-shooting undermined demand for sporting weapons. For many people, shooting for fun had become

socially questionable. The Hungerford massacre had a dramatic effect on demand," says Takats. "Our turnover had been growing

every year until the late 1980s. At one time we sold 30 to 40 [shotguns] a month; it's now three to four a mouth." Since the peak, the compa

ny's income has fallen by almost 50 per cent, from more than £130,000 to around £70.000.

Borrowings, meanwhile, have risen. In a calculated gamble, Takats, together with his wifa and co-director Connie and son Graham - Who handles financial matters decided to diversify into fishing equipment and country clothing in a bid to stem the

losses on gun sales. They arranged a £36,000 secured loan to finance the move, but it has so far failed to generate substantial new

The recession has persuaded cash-strapped members of the hunting and fishing fraternity to abandon brand labels in

Hopes that customers would buy Barbour rather than M&S have been frustrated.

favour of cheaper alternatives.

Rows of unsold waxed coats, bush hats by Woodrow and deer stalkers from Christy's testify to the malaise.

"There's been a change in social trends and fewer people are taking up shooting as a sport. The prospects are not good," says Takats. The future of gunsmiths across Britain would be further jeopardised by any changes in gun control laws, be adds.

"Thirty years ago, you could sell a shotgun to a 12-year-old. It wasn't classified as a firearm until the killing of Ginger Marks in the late

Marks, named by police as a gangland villain, was murdered with a sbotgun prompting clauses in the 1968 Firearms Act forcing shotgunowners to license their weap ons. "Any further regulations would not help the business at all," says Takats.

This is not a plea from a husinessmen seeking leniency from his lenders. Fortunately, says Takats, National Westminster Bank, which loaned him money at 9 per cent, has not yet turned hostile.

Nevertheless, its patience has been stretched by the company's inability to repay any of the capital ou its loan. Current turnover means it has the funds only to cover interest charges

"The bank wants to see some change by the end of the year. We'd better have a good Christmas."

Anxious to placate his bank. Takats has reduced his stock "to a bare minimum" and even refurbished old and rusted air rifles stored for years in the shop cellar.

The discarded barrels lying on the workshop floor do not compare well with the engraved and intricately designed shotguns lining the "My skill is that I can make

components from solid metal

with just my hand-tools and my brain. That could die out. I

will carry on for my son but if

things get worse we might have to sell up. It's not a success story, is it?" Takats Master Gunsmith, 73 High Street, Ware, Herts SG12 9AD. Tel: 0920-462057.

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FINANCIAL FINES

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YOU may think it is a skirt but anybody who

has been to east Africa knows better. A Kikol

is a hright cotton wrap that east African men

wear around their middles with panache and

dignity writes Lucia van der Post. Practical,

tough and eminently washable, it is made

from a long piece of cloth, 1 metre wide. It

is secured by folding in the ends, drawing

them around the waist and rolling the top

down. It can be worn for sleeping, slopping

Lucia van der Post looks at ways to reduce the shock when you take off your tights and walk to the beach

The quick routes to browner, shapelier legs

T'S summertime. You are heading for the beach and your legs do not look much like Julia Roberts' What, if anything, can you do? Quite a lot, actually.

You have probably left it a bit late for a serious programme of toning and exercising but almost every beauty salon, health club and posh department store has develwhich at the least leave the skin softer, smoother and better-textured and just may do a little bit more.

Harrods has remodelled, upgraded and altogether made much posher, its Hair and Beauty Salon. More importantly, it includes a much wider range of treatments. You could go in for something as simple as a pedicure and some chiropody or, if you wanted instant toning, you could try special treatments such as Ion-Ithermie, Aromezone,

This summer has seen a boom in the number of creams. gels and lotions all purporting to turn himpy, dimpled skin into blemish-free silk. I have tried two - Dior's Svelte Body Refining Gel (£25) and Shiseido's Body Contouring Complex (also £25) - and though neither made any significant difference to my shape, the massaging the lotions require and the oils and extracts in them, undoubtedly leave the skin much softer. They are also remarkably unoily so that you do not risk spoiling tights, sheets or clothes. Anybody thinking of spending £25 on such alluring prospects should understand that no miracles are likely.

Probably just as effective at a fraction of the price would be using a body brush (The Body Shop sells them for £5.50) to

at least five minutes a day. One of our design team, Frances Trowsdale, tried out a few more. "Decleor has a night and a day treatment," she says.

"I massaged the night one, Decleor's Firming Body Oil (£18.30 for 50ml), into my legs after a bath with a gentle body brush using circular move-

ments as instructed. It is a thick pungent oil and should be used at night but never before putting on fine clothes.

ere instant – soft silky legs. "In the morning I used the (£27.75 for 150g). This nonsticky non-greasy cream left the skin feeling firmer and the circulation much improved - I feel all that massaging helps."

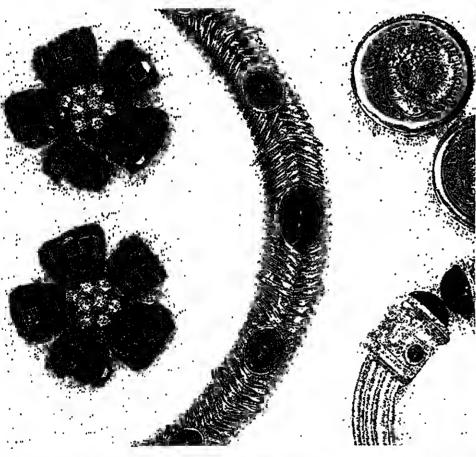
All legs, of course, look bet ter brown but now we know just how dangerous sitting in the sun is the obvious answer is: acquire a tan before you go on holiday. From a bottle.

pick of the self-tanning lotions for my (very) pale skin," she says, "was Estée Lauder's self-action tanning spray. It was so natural – I tried the medium bronze colouring - that colleagues failed to spot that I had a tan at all. A respray made them take notice. This was because my arms acquired two inexperience in applying it. But, where I had managed to get an even cover, it really did

"The only snags with the epray are that it is difficult to apply evenly and you are advised to leave one hour before you put your clothes back on. This proved tricky on a busy Saturday morning in our house - milkman calling to be paid, paperboy delivering the wrong magazine, son's friends wanting to know if he can go swimming.

"For the face, I liked Helena Rubinstein's Golden Beauty self-tanning lotion. Basier to apply than a spray, this cream gave an even, natural tan and I might be tempted to use it as an all-over cover this summer. But a word of warning - all the tanning lotions left my clothes stained and bra washing was a real chore."

In the city, even the best, brownest, longest legs look bet-ter covered. The Sock Shop has splendidly light, flesh-coloured sheers called Cosmetics For legs at £4.99 a pair.



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OW THAT the flasby, go-getting 1980s are nothing more than a nostalgic memory and the lean 1990s ere well under way, proper jewellery – such as diamonds, sapphires, gold and platinum is out of vogue.
While the power suits and

round the house, beach-combing. It is a perfect

go to Kenya to get one. Simon Friend imports

Newport St, London WC2 and American Retro

35 Old Compton St, London W1 and 14 Pembridge Rd, London W11. For other stockists

and sells them in a variety of colourways at

£22.50. Coming in soon at Davies, 10 Great

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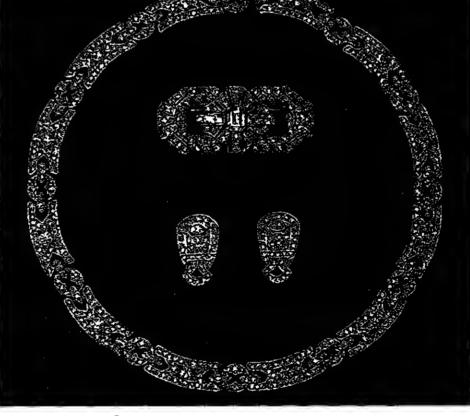
holiday garment - and you do not have to

shoulder pads required bold, glitzy jewellery to match, today's softer fabrics and more flowing lines cry out for subtler, less ohvious pieces. Ever-on-the-ball Fior, which

has long had a reputation for making finely-crafted costume lewellery, today has immacu-late versions of all the latest decorative looks at extraordinarily reasonable prices.

A glance in the window of either of Fior's shops probably would make most of us pass by quickly, convinced that these glittering pieces were way beyond our means. But study them more closely and you will find that almost all of them are immaculate pieces of costume jewellery which look every bit as well made as the real thing and sell at very accessible

Fior employs the techniques the master jewellers use to make their haut jouallerie. All the settings are hand-drilled, all the pieces hand-finished. There are cantilevered bracelets, enamelled brooches. "lost settings" (a traditional setting for fine stones to make sure the claw is not seeo. which was used to make the flower earrings photo-



Real gems are too brash for the '90s

Lucia van der Post on the elegant and affordable costume jewellery that matches the new fashion for flowing lines and softer fabrics

All the care and skill is there; only the intrinsic materials are different. Whereas haut jouallerie is made from

graphed above left) and fine

gold and platinum, from silver and fine gem stones, the Fior versions use cubic zirconia. four gems, rhodium and gold

All this, of course, has a remarkable effect on the price. Whereas a pair of classic two-carat diamond stud earrings probably would sell for around £900 if real the Flor version of two-carat cubic zirconia is just

And when it comes to something as exacting as the dia-mante set of necklet, brooch earrings photographed above right, the price difference is even more dramatic. The original 1930s set on which it was based probably would sell today for somewhere between £10,000-£15,000, while

the version here sells for £506 (aithough the pieces can all be bought separately: the necklet is £215, the brooch, £250, and

the clip earrings 241).
The lost-setting flower earrings beloved of Van Cleef and Arpels, hand-set in silver gilt (and photographed above, left) are £400; centres can he "rubles", "sapphires", "emer-alds" or "amethyst." Pictured with the earrings is a Romanesque bracelet in matt 18-carat gold plate for £65, a gold and cabochon necklet for £155, and Roman coin earrings at \$44 the

Anyone familiar with what is à la mode in the swish Bond Street jewellery stores will recognise the looks at once. There are the "gold" and cabo-choo rings and bracelets, the Romanesque pleces, the coin earrings, the flower earrings, the Daliesque watches, and the sharper Paloma Picasso-style

Besides selling ready-made versions of all the latest looks, Fior has established a niche in making perfect copies of pieces that are too valuable to wear. Many a celebrity lodges her real jewellery in the bank and goes out on the town in Fior's

handiwork. Elizabeth Taylor commissioned Fior to make a replica of her famous emerald and diamond brooch, while one of Britain's better-heeled dukes, after discovering that it would cost him £10,000 to insure some of his wife's jewellery for their holiday trip to Australia, decided to have a precise copy made. It cost him £5,000 hut be had saved another £5,000 and, as he put it: "My wife has a ring she can go on wearing for-

■ The Fior shops are at 27 Brompton Road, London SW3, and 31 New Bond Street, Lon-



IF YOU prefer your jewellery chunky, bold and ethnic amber may well be the choice for you. Back in May I reported that amber was *the* stone of the summer with Cobra & Bella kicking the amber season off with a spectacular selection of rich, raw and brutal pieces culled from the ancient fossilised forests around the Baltic Sea.

Since then the choices have proliferated and you can buy amber jewellery in many moods and at many prices. You can buy a small selection by mail order from Muttec Consultancy, 27 Coval Road, London SW14 7RW. There are amber rings (£28) and a good selection of ear-rings (ranging from £35 to £65) as well as bracelets (£85), brooches (£45 to £65) and an amber and fancy silver collar (£95). All the pieces uses silver for the setting and all are made from amber found on the Baltic coast of Poland or Lithuania.

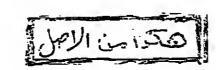
each piece is hand-cut and hand-made. Write to Muffec for a brochure. Next and most branches of John Lewis are selling well-priced pieces from the Goldmajor collection of amber jewellery – ear-rings start at £16.45 and for around £30 there is plenty of choice. At the top end of the range the mosaic

At Manguette, 20a Kensington Church Walk, London W8, a small but charming jewellery shop, there will be an exhibition of contemporary amber jewellery, September 15-29, with contemporary designers such as John Bowman, Gatto Bianco, Ashley Wheeler and Eileen Covne. Prices range from £50 to £2,500. If you want something to wear with your summe

wardrobe you do not have to wait until September Manguette always has a marvellous selection of amber pieces. Available now is the skimning necklace, above, designed by Effeen Coyne, made from Baltic amber, and selling for £795.

Lucia van der Post





FASHION

The bronze age Sun worshippers take cover

What's new under the sun? Avril Groom visits Cap Ferrat where the mahogany-tanned beach bunnies are going the way of the dinosaur and the golden girls are changing style



a plain hlack swimsuit to the women around the in Cap Ferrat is likely to produce plain black looks. They take glamour in the sun seriously here and they know that, in the hrilliant, bleaching light of the French Riviera, it is bright, or at least a bold

monochrome, that looks right.

Minimalist is not a term recognised in the discreetly indulgent atmosphere of this cliff-top spot at the tip of one of the Cote d'Azur's wealthiest peninsulas. And these practised sun goddesses have a point. In their exuberant swimsuits, fringed pareos, fat Alice bands and jewellery, many of them look mar-vellous. As John Betjeman believed, good taste can be ghastly. On holiday, when fun and glamour are priorities, it can make you invisible.

The one way to ensure that a swimsuit oversteps the line that divides flamboyance from vulgarity is to wear it with a mahogany sumtan. Below the Bel-Air's pool, in full sun on a windless terrace, the last of the topless beach bunnies anoint themselves with coconut oil and fry, storing up a future of health horrors and skin wrinkled like the dinosaurs which, in fashion terms, they have already become.

Catching the breeze round the pool above are the wiser golden girls who take refuge under the forest of white parasols that spront beside each beach lounger as the sun reaches its full height.

The loose shirts and sarongs that high-glamour swim ranges such as Gottex, Gideoo Oberson and La Perla have long provided as part of their co-ordinated beach style are worn not just for propriety during lunch but as a matter of course in

the heat of the day.

As many British stores seem to think that autumn arrives at the sinne time as the holiday season, finding such co-ordinates can be tricky if you wait, as many do, until

Swimcap, £16.95 from Fenwick. Pearl-studded bag by

Judith Leiber, from a selection at Harvey Nichols,

Manoin and Webb and Asprey

Jewellery is also part of the glamour canon and gold is flattering to a golden skin. Jewellery, like the tan. is toned down this year, to a substantial but discreet chain or hrace-let of the real thing to wear hy pool or beach and a matt gilt costumelewellery bangle to jangle at lunch. Mappin and Wehb's Spirit of Gold British-designed collection is an interesting source of well-priced

Sun Shower Ombre Express waterproof eye shadow, Moonlight nail enamel and Sheer Opal Rouge Collection lipstick. Pictures by Tony Boase at the Hotel

Flights London Stansted to Nice courtesy of Air UK. be holding swimming clinics at the Lygon Arms Hotel, Broadway, in each. Telephone 071-872-8080 for



Knightsbridge, London SW1. Cotton trousers by Issey Miyake, £200 from Browns, South Molton Street, W1,

A paler shade of bronze may be

fashionable hut skin needs as much

attention to keep it supple as in the

days of darker tans. Apart from suncreams of a suitable protection factor, generous after sun moisturis-

ing is essential, preferably an

almost perfume-free one such as

Decleor's Fraicheur Apres Soleil. This will blend successfully with the moisturising after-bath lotions

that complement your favourite fra-

grance, with lighter eau de parfum

most suitable for warm weather. Just launched is the hath range to

go with last summer's successful

scent - gardenia, hyacinth and Imit-

based-Glo hy Armani, Hair needs sun protection, too.

Colourist Jo Hansford, who has just opened a London shop, says all hair

dries and fades in the sun, with tinted hair affected most. She sug-

gests a hat, Sun protection screens

and conditioners such as Schwarz-

aged because the pigment has been

stripped," she says. "You don't

want to exacerbate that effect. We

sometimes have to re-tint high-

lighted hair that has had too much

There are other traps which, if taken to extremes, could be disas-

trous. "Lemon juice to help the sun

lighten hair can turo dark hair

orange," she says. "And too much

Bleached hair is already dam-

kopf's Bonacure range help.

Harrods' swimwear department is there all year and has a full range of Gottex swimsuits and beach separates. Both Fenwick and Harvey Nichols have recently-arrived stock which has not formed part of their sale. Debenhams' reasonably-priced (from about £20) high summer range will last throughout August, Slix has just introduced its summer range and Issey Miyake's Splasb collection of non-crease holiday pieces is also a new arrival.

These collections reinforce the pursuit of glamour with nostalgic, 1950s-inspired style - draping, ruching, underwiring, lower leglines and even skirt effects all play their part. Fitness-conscious womeo on boli-

day take swimming as seriously as sunbathing and even ruched chiffon is now water-wortby.

The most starrily-clad Bel-Air resident can safely entrust herself to Plerre Grüneberg, the swimming Instructor whose way of teaching the water-shy by calmly and firmly making them put their beads under water and control their breathing has made him more famous than his glitteriog pupils. Women, be says, hate getting their hair wet hut these days they have no excuses: floral bathing cap and turban are hot fashion items.

Make-up by Christian Dior, including

Pierre Grüneberg's Individual swimming lessons are FFr250 (£28) for 40 minutes for those staying at the Bel-Air. He will and the Savoy Hotel, London, Novembe 9-12. Three 30 minute lessons cost £30

Plimsolls by Superga, £34.95 from Russell and Bromley. Straw hat, £35 from The Hat Shop, London and Glasge Glass beads, £24.95 from Liberty, Regart Street, W1.



a selection at Fenwick and Harrods Sunglasses by Hardy Amles, £24.95 at Harvey Nichols, Knlghtsbridge,



Spandex swimsuit, £75, stretch slik sarong, £370, both from Gucci, Old Bond Street, W1 and Sloane Street, SW1. Gold necklace by Jo Godwyn at County Classics, £2,200 from Mappin and Webb. Earrings, £14.95, bangles,

PITING AT Henley a few weeks back I listened to two septuage narian oarsmen discussing, with a gravitas that verged on the comic, the comparative pinks of their Leander club socks. "Marvellous shade", one acknowledged, pointing at the other's flamingo-hued ankle, and continued, the trouble is, mine are new and still look rather garish even though I laid them out on

Polyester/elastane swimsuit by Sfix, 249.99 from

Fraser Rayon georgette shirt, 988 from Jigsaw.

Harroda, Selfridges, Dickins and Jones and House of

companion gravely nodded in sympathy. The issue, of course, was fading. No self-respecting Leander man wants to be seen in a brand new pink blazer, tie or socks, for long-standing membership of the sport's inner sanctum speaks volumes. But the faded socks, while losing none of their piquancy, did

the lawn in the sun and rain for the last two weeks." His

look a good deal better.

The incident reminded me of a tip I read in Lady Diana Cooper's memoirs, The Rainbow Comes and Goes. Whenever she redecorated one of her homes she would lay the new upholstery and curtains out on the lawns leaving the elements to undermine the manufactured

brightness. Even the most zinging Bloomsbury colours were toned down, ridding the aniline dyes of their harshness. Synthetic aniline dyes were invented in 1841 by the chemist

they were being mass-produced for dress and interior decoration and reds and purples, historically the most expensive colours to produce, became widely available. The Victorians latched on to their brightness with glee because it had once been a sign of wealth and it became highly fashionable among the nouveaux riche merchants to have mind-bogglingly hright homes and clothes.

William Morris, the artist, led the inevitable reaction. He experimented with natural dyes, particularly favouring indigo and madder because they faded beantifully, reminding him of the Medieval tapestries that he so admired. Sadly, apart from a few side-

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Fading appeal of bright colours

Jane Mulvagh looks at the growth of a subtler, kinder aesthetic of fabric dyes

tracks by craftsmen and aes-thetes, garishly bright dyes have dominated this century's palette, culminating in the shocking plnk, vibrant tangerine and other day-glo colours that fought for our attention and our purses in the late C. J. Frizsche. By the 1860s 1950s. In recent years dye manufacturers have actually prided themselves in creating colours that will not fade and celehri-ties such as Jeff Banks advertise the advantages of deter-

> in the wash. Thankfully a new colour aesthetic is emerging of a subtler and kinder sort. Some seek it in the faded charm of vintage clothes or Grunge, others prefer the subtle and rich (rather than bright) colours and textures of designers such as Issey Miyake and Romeo Gigli who are interested in the dye processes of India and the Far

> > still widely used. It is rich, rather than bright. colours that fade the most beautifully and it is a faded richness that tends to flatter northern European complexions more than Matisse brights or those mushy "pastels" served up in chain stores. And many would argue that muted

East where natural dyes are

gents that do not fade clothes

sadly the mass market manufacturers are reduced to pumping out these flat, hard colours that defy fading as natural dyes are so expensive.

At a cottage industry level natural dyes are less harmful to the environment but they are impractical on a commercial scale because, according to the colour chemist Brian Burdett at Shirley Technology (part of the British Textile

Technology Group), "the planet cannot grow sufficient natural dyes to meet our needs and the application of natural dyes needs chemical additives that are more harmful than synthetic dyes."

Instead, his team is working on a cross between natural and synthetic dyes, using micro fungi which produce plgments. The idea was born when one of

it went wrong. Its appealing colour would dye the plastic container and was difficult to remove. Research revealed that mildews and other micro fungi can produce amazing colours.

fungi that developed on the

foam of home-brew beer when

The project has succeeded in creating colour pigments in cool conditions, which require



rather than poster-paint brights look more refined. But Much of the charm of The Calumny of Apelles by Martin de Vos liesin the faded richness of the rober

tives. With the application of environmentally-sound chemis-

hope it fades with charm. Laura Ashley has also tuned

try they will soon produce a commercially viable dye. 1 Cooper and my Leander friends Meanwhile Eric Bremner at - allowing the colour of our clothes to age gracefully. into this colour-tempering aes-

worldy look that so many admire in old fabrics. This shift in aesthetics can do no harm to the environmental movement which is trying to encourage us to get over our newness neurosis. Perhaps we will all concur with the rarified sensibilities of Lady Dlana

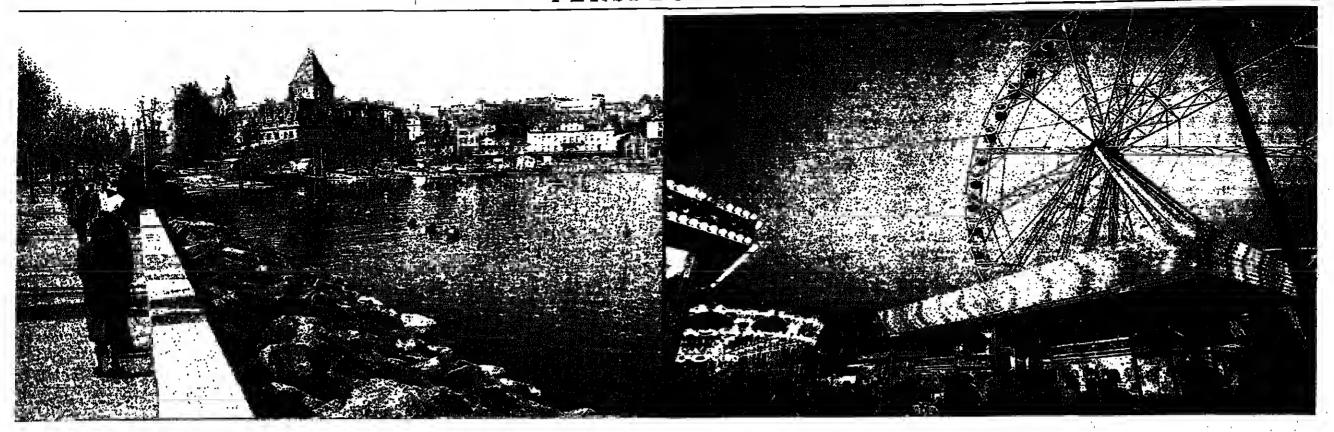
thetic. He will be introducing a mechanised fading system in

the company's printing works

in Wales to recreate that oldy-



PERSPECTIVES



An English wanderer on the fault line

From Page I

German-speaking region finds itself, as a result of the first world war, within the borders of a non-German nation state. There too the spoken language is a dialect, if anything less easily understood than Alsatian by a visitor from Germany.

But no one in South Tyrol tries to tell yoo it is a separate language "related to German." On the contrary, the majority unhesitatingly identify themselves as Germanspeakers and exercise their right to have their children educated in that language. They have to learn Italian as their first foreign language, hut this is reciprocated by the Italianspeaking minority, who are obliged to learn German.

Every street and place name is written up in both languages, and it is actually the German-speakers

The frontier testifies to the success of France, and failure of Germany, in modern history

who are now contesting this, on the grounds that many of the Italian names are "artificial," invented under Mussolini. The administration is bilingual, with fixed quotas of jobs at various levels for the different language communities. The province enjoys broad autonomy. and the German-speaking Südtiroler Volkspartei is permanently in nower. There is even an open, if not too serious, nostalgia cult for the days of Austrian rule; in a bookshop in Meran (Merano) I was able to huy a 1993 Franz Joseph calendar, inscribed "Dem guten alten Koiser zur Erinnerung." [In rememberance of the good old Kaiser.]

Why are such things possible in Italy, but not in France? Because Italy was on the losing side in the second world war, and because the German identity of South Tyrol is associated with Austria rather than with Germany. Whereas in Alsace the moral hurden of association with fascism fell entirely on Ger-many, obliging the local population to suppress their German identity and proclaim their Frenchness, in South Tyrol it fell, if anything,

more heavily on Italy. The Italian elite were anxious to dissociate themselves from Mussolini's policies, including his attempt

to Italianise the South Tyrol hy forced assimilation and colonisation. The local Germans, on the other hand, were largely spared any association with Hitler. It was only in 1943, after Italy switched sides, that Hitler annexed South Tyrol.

Before that, in 1939, he had agreed with Mussolini that each South Tyrol family should be given the choice (die Option) between emigration and complete Italianisation: an episode still remembered with great hitterness. After the war Austria, as an independent "liberated" state, was able to negotiate an agreement under which Italy allowed those who had emigrated to return, and promised regional autonomy. Although this agreement was not fully implemented until 1972 (after a period of low-level terrorism in the 1960s) it put the probiem in a legal and psychological context different from that of

One noticeable thing about my route was that it lay not only well inside the limes of the Roman empire, which ran along the Rhine and the Danube, but also outside the Stootsgrenze of present-day Ger-many. In fact I did make two daytrips into the federal republic, but they were rather in the nature of pilgrimages: to Aachen, where Charlemagne is huried, and to Trier, which was the capital of Roman Gaul. Both are today, and have been for many centuries, purely German cities. The fact that the linguistic frontier is located south and west of them testifies to the thorough Germanisation, in the Dark Ages, of what had been

Roman frontier provinces.

That today's political frontier passes so close to them testifies to the politico-military success of France, and failure of Germany, in modern history. The French state expanded north and east into German-speaking territory during the 16th and 17th centuries, when Germany was divided and weakened by the Reformation and the Thirty Years' War. The creation of a strong German state in the late 19th century came too late to reverse this process, although its sttempt to do so was defeated only with terrible bloodshed, in three successive Fran-

co-German wars. But while the French state absorbed significant numbers of German-speakers, it never incorporated all the French-speakers in Europe, except for a brief period after the French revolution. Such an aim would have meant little to Henri II, who occupied Metz in 1552, or even to Louis XIV, who gave France more or less its present frontiers. To them land might be of strategic or economic interest, but the language spoken by its inhahitants among themselves was of little consequence. Educated people could be relied on to communicate in a language of high culture - Latin, or later French - whatever their

mother tongue might be. In the Thomaskirche in Stras-

jouit d'un doux repos après sa délivr-[This country laid waste under the yoke of France enjoys a sweet

repose after its deliverance.] For both sides to claim victory is not unusual. What interested me was the linguistic cross-over: Saxe, a German princeling, devoted his life to winning land and giory for the king of France, while the Belgian poetaster found it equally natembourg, rather charmingly, the département des Forêts."

But France had to retreat after Napoleon's defeat. In the half-century that followed, the three buffer states of Belgium, Luxembourg and Switzerland emerged in their mod-ern form. In all three both French and German are spoken, alongside other languages, hut the form of coexistence is different in each case. Luxembourg is the odd one out, the smallest and perhaps also the

you are in because notices and roadsigns are strictly unifingual. Thus Liège, for example, is in Wallonia, but signposts to it in Flanders call it only by its Dutch name, Lulk. Brussels, the federal capital, is for

the time being still bilingual. The small German-speaking community, in eastern Wallonia, does not have a region as such but does have its own schools and cultural institutions. In its area the signposts are bilingual (French and German), but the French names of German-speaking towns and villages have usually been scratched out. Otherwise the German-speakers seem happy with their lot, and have no desire to join Germany. "We are the only real Belgians," one of them told me. "If Belgium breaks up, we'll probably ask to join Luxembourg."

Certainly Belgium as such seems to inspire little affection in either of the other communities. The Frenchspeaking Walloons now feel that it is run hy the Flemish majority, while the Dutch-speaking Flemings still resent the way they were ignored and patronised by the French in the past.

In Brussels I saw a Flemish film, Daens, which explains this attitude very effectively. It is about a Flemish priest who stood up for exploited textile workers at the end of the last century, and founded the Social Christian Party which dominates Flemish politics. In the film all the educated and upper-class people speak French to each other, from King Leopold II to the Flemish employers and bishops, while the workers speak only Dutch. A parliamentary commission is sent to look into working conditions in the town of Aalst, where the film is set, but fails to discover the flagrant abuse of child labour because its members cannot understand what the workers are saying, and rely on the wicked foreman as interpreter.

Things are not that bad in Switzerland, but some French-speaking Swiss intellectuals have almost as big a chip on their shoulder. Their feelings were aroused especially by last year's referendum on the European Economic Area, in which the French-speaking areas all voted overwhelmingly Yes hnt the national result was still No. In fact, the German-speaking majority was itself deeply divided on the issue, with urban voters generally in favour, but many French-speakers began to feel they were prisoners in a kind of folksy Teutonic museum. At least, that was the rhetoric. Behind it lay a host of local issues.

with education, as always, being the

street-names sometimes the most symbolic. French-speakers believe (though official statistics say the opposite) that German is gaining ground at the expense of French. and many of them have latched on to what is awkwardly known as "the principle of territoriality" in an attempt to stop it.

This means that the local majority has the right to determine the language that can be used in courts, schools and official notices. Such is already the practice in many parts of Switzerland, and there is now a proposal to have it enshrined in the constitution.

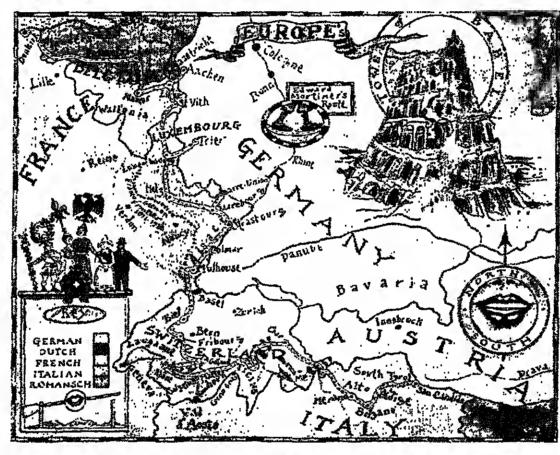
That looks uncomfortably like a "Belgification" of Switzerland. Not surprisingly, some Swiss legislators are having second thoughts. Fuivio Caccia, an MP from the Italian-

The lack of real communication across language barriers remains striking

speaking Ticino, worries about the loss of individual freedom implied in the territoriality principle, and fears that it "contains within it the germs of linguistic cleansing."

The echo of "ethnic cleansing" in former Yugoslavia is, of course, deliberate. By that standard Switzerland and even Belgium have done well, since they have largely avoided violence in working out their differences. Whatever happens to Maastricht and the EEA, it would be unduly alarmist to predict new wars anywhere along the Roman-German frontier. But the lack of real communication across language barriers, even within cross cultural entities like Switzerland,

remains striking.
At Salgetsch, where French gives way to German as you go up the Rhone valley, I had two conversations with two waitresses in bars less than a mile apart. One spoke French, the other German. Neither knew the other's language, nor saw any need to. "Either they speak French, or we make do with gestures," said the French one. "Oh yes," said her German counterpart cheerfully, "we understand each other all right, mit Hand und mit Fuss." And she mimed, with cleached fist and outstretched foot, the exact nature of the relationship.



Pigalie: the mausoleum of the Maréchal de Saxe. It shows France in tears, trying to hold back the marshal from his tomb. Her banners fly victoriously aloft, while ber foes -lion of Holland, leopard of England, eagle of Austria - are hurled downwards in defeat. Saxe was the main French general in the war of the Austrian succession, in the 1740s. Oddly enough in Brussels, in the Musée Communal, there is a print celehrating France's defeat and Austria's victory in that same war. It shows Charles de Lorraine, the Austrian governor, entering the

"Ce pais désolé sous le joug de la

city, and declares that

ural to denounce the "yoke of France" in French couplets. Fifty years later things had changed. The French "nation" sprang into existence, got rid of its king, and set off on a crusade to liberate the rest of Europe. But

while more distant and indubitably foreign countries were turned, first into sister republics, then into satel-lite kingdoms. France itself slso expanded, especially into areas where French was spoken. Brussels found itself in the "département de la Dyle," Namur in the "départe-ment de Sambre-et-Meuse"; the Swiss Jura became the "departement du Mont-Terrible," and Luxhappiest. It has its own national language, which is related to German and which everyhody speaks But nearly everyhody speaks French and German as well French tends to be used for official purposes. German for more informal ones. There seems to be no sense of compulsion about it, and no one

takes offence at being addressed in one language rather than another. Things are different, alas, in Belglum, which has just changed from unitary state into a federation hased on regions and linguistic communities. Flanders is Dutchspeaking, Wallonia French-speak-ing, and you know at once which

The appeal of a narrow view of life

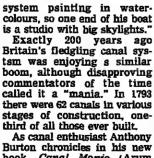
Keith Wheatley looks at the revival of Britain's canals and their colourful history

Trent with purpose. Ahead of them stretched nearly half-amile of boats, the higgest inland wsterways show ever held in Britain; but the Bradleys only had eyes for canal narrow boats.

of history on the canals, and the wild flowers going past so slowly at eye-level," says Elizabeth. "My husband is coming up to retirement, so we're here to look for s boat."

So were many other people. According to Stephen Golds-brough, chairman of the Canal Boat Builders Association, the market is growing at a pace to make the recession-hit marine industry envious. Eight years ago the association had 40 members. Constructing narrow boots was a folk art almost on a par with coracle-building. Now there are 400 members, launching over 1,000 new nar-

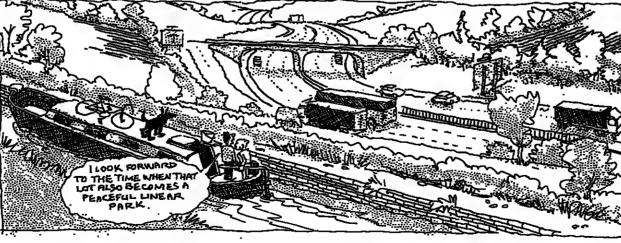
row boats each year.
Notions of "camping-ont"
quickly vanish once aboard a modern vessel "Anything you have at home you can put in a narrow hoat," says Golds-hrough. "We've just done one with a complete onboard office equipped with computer and fax. Another client plans to



Burton chronicles in his new book, Canal Monio (Arum Press, £19.95) speculators drove prices up in a dizzy spiral. Newspapers reported that £140 shares in the Birmingham Navigation company were soon selling for over £1,000.

In 1792 prospective investors in the Grand Junction Canal vere invited to gather at an inn in Stony Stratford. The the meeting had to be moved to the parish church. A total subscription of £250,000 was needed but these eager "parishioners" subscribed over £1m.

A fortnight later a similar meeting to fund the Leicester-shire & Northampton Union



overflowed even the town's church, and the meeting was adjourned to a nearby field. London-based investors employed agents who criss-crossed the country on horseback to give them a flying start on each new canal scheme.
Parliament, remembering
the Sonth Sea Bubble, anx-

iously dehated canal fever. Members wondered whether the English countryside would not soon be more water than land. A motion was tabled proposing that canal construction be stopped at harvest time, since so many farm workers were being lured off the land to work as navvies.

The launch-pad of this feverish activity was the traditional grand tour of Europe by a young English aristocrat, the Duke of Bridgwater. For him the highlight of his tour was a visit to the Grand Canal of Languedoc (now known as the Canal du Midi), completed in

Voltaire had described the canal as "le monument le plus glorieux par son utilité, par son grandeur, et par ses difficultés." It was 150 miles long and con-tained all the features latar found in the British system: aqueducts, locks and a tunnel To a mine owner such as Bridgwater, the applications

for moving his coal to market

were obvious. In 1760 Parliament gave approval for a canal to link the ducal collieries in Worsley with the factories of Manches ter, half-a-dozen miles away. A young self-taught engineer, James Brindley, was engaged for its construction, which in turn nearly bankrupted the duke before it became s reve-

nue-producing project.
The rest is history. Within 50 years Britain was a spider's web of linked - or parallel, and competing - canals. They flourished briefly as a commercial freight system. But compe-tition from the railways lim-lted demand and motorised road transport killed it. As recently as the 1950s and

early 1960s, canals were being filled in and abandoned. Since than numerous groups, aided by the British Waterwaya Board and enlightened local authorities, have reversed the decay; Britain's "lost" waterways are being revived.

Plans are in hand to restore nearly all the remaining 100 miles of disused canals owned

complete a network stretching from Taunton in the south-Landscapes, wildlife and industrial archaeology make the canal system a phenome-non almost better-viewed as a linear national park. "Slightly more than 50 per cent of the UK population lives near a canal." says Bridget Atherton of British Waterways. "They're not just for the enthusiast with boat. Canals are so access ble. You don't need a large

by British Waterways. It will

sum of money to walk along the towpath and enjoy it." Stephen Goldshrough, who took orders for six narrowboats at an average of £40,000 apiece during the inland Boat Show, says that with around 23,000 boats on over 2,000 miles of waterway, there is still plenty of potential for growth, in the sense of physical space. Whether the intensity of access at particular spots may need regulating is another question. "We're all of a sudden open-

"We're all of a sudden opening up a 200-year-old system to numbers of people that it can't really cope with," he says. "Tow paths, for example, built to cope with a dozen horses a day, are being worn away in some places. One looks at the Lake District spending money to dissuade mountain bikers from going there and it does cause you to wrender." cause you to wonder."

The grand prix elite are desperate to win back fans and sponsors and head off a threat from north America. John Griffiths explains

AST weekend, at the German motor racing grand prix at Hocken heim, the elite teams of Formula One finally accepted that they had been overtaken by market forces. At the end of a six hour meeting

during which, in a rare spirit of compromise, "every team gave up compromise, every team gave up something", according to champion-ship-leading team principal Frank Williams, they agreed to abandon, from the start of next season, much of the technology which has long been claimed as a large part of the sport's raison d'etre,

Fisa, motor sport's world govern-ing body, still has to ratify the deal But Max Mosley, Fisa's president, believes the result of the leading teams' sacrifice will be cheaper, closer and more enthralling racing. In the Fisa scenario, more teams will be able to afford to compete effectively and drivers will once more be in total control of their Carx, rather them should be able to the cars, rather than sharing them with electronic systems. The leading teams had little choice. To have rejected the deal would have been to plunge grand prix racing deep into crisis at a time when the globalisation of television is allowing potential rivals for sponsors' dollars

The most notable rival is north America's IndyCar champlonship in which last year's grand prix champion, Nigel Mansell of Britain, now competes. Even Frank Williams acknowledges that F1 needs to offer spectators more.

Critics argue that the sport offers poor value for spectators. The racing, they say, is often processional. admission prices are excessive and there is an unacceptably elitist attitude towards the paying public.

"Admission and a grandstand seat at Silverstone this year cost at least £117," says one observer closely involved with IndyCar. "At Laguna Seca (an IndyCar circuit) you simply can't spend more than \$75 [250.30]

"For that ynn get to see, and maybe speak to, the drivers and watch the crews working on their cars. At Silverstone I almost feit guilty being inside the paddock watching all these guys, who'd paid all that money, with their noses pressed to the mesh fence and hoping for maybe a glimpse of one of

One small sign that grand prix racing is already responding to such criticism was the grading parade of drivers reinstated ofter many years at Silverstone. But the sport still has a long way to go.

The attendance at Silverstone was 60,000 - half last year's crowd. Admittedly, Mansell was absent; recession in the UK had taken

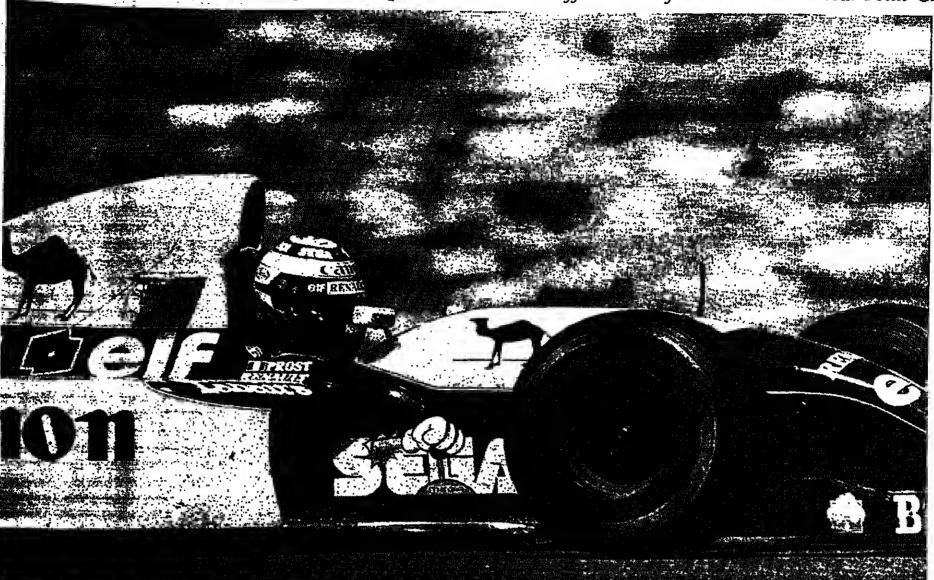
HE LANES are alive

with the sound of

machinery as com-

bine harvesters

chomp their way through the



another year's toll and attendances. at other grands prix have not been as hard hit. Nevertheless, the spectacle at Miverstone was enough to furrow brows at a time when spon-sors are more determined to gain

Mosley says that the cost savings of the technology han should be substantial. He estimates that some changes introduced at the start of this year, such as fewer permitted tyrus and reduced practice times, will have saved each team between time and Fin by the end of the

He calculates that the new rules will save beans between 12m and 110m a year. The combined changes should thus lead to cost savings of 25.50 per cent. The benefits will be greatest for the smaller teams. "At the moment, that team can go

्याकृत्या व्यवस्थानेत्रम् । स्थान्यके नारावित्रम् । सार्वा वित्र

to a potential sponsor and almost certainly will be asked if it's got 'active' suspension. It's obliged to say No because it can't afford it, and the potential sponsor won't back it because it hasn't got it. That kind of problem will disappear with

the new rules," says Mosley.

Almost certainly, the technology ban will have little or no effect on the outcome of future grands prix: Williams, McLaren and their ilk are still likely to be winners because they will continue to work more effectively and efficiently with the technology and resources available.

At best, the gap between the first and last cars will close. But Frank Williams says Fisa may have miscalculated on technology costs. "In reality we haven't spent a great deal of money on our technology; it's been mainly brain power."

And he warns that there is a potential downside. A lot of companies who currently sponsor grand prix racing, such as computer and electronics groups Bull (Williams) and Hewlett Packard (Benetton) are heavily technology-based.

"Clearly they are not pleased and will have taken note", says Williams. Should companies like these reduce their involvement, grand prix racing is likely to become more dependent for its funding on companies with no direct involvement in motor sport or the motor industry.

Furthermore, sponsors may seek to impose on teams cost-containment of their own. Warning signals are already flying. Philip Morris. whose Marlboro livery is synonymous with that of McLaren, is one of motor sport's most consistent

In the last few weeks Walter Thoma, president of Philip Morris Europe, has made thinly-veiled criticisms of those leading teams, by implication McLaren included, who have sought to preserve the status

"It is important that we understand the need for cost containment in Formula One. There are one or two self-interested groups within the sport that pay no attention to the world recession

He also maintains that there must be containment not just of the teams' costs and their technology. but of the whole infrastructure. "Why must there always be threeday events? Can some not be run on a Saturday and a Sunday? Why not run shorter races? How much shorter should they be? Is the show pricing itself ahead of inflation?

... when we look at the future, we must consider the totality and not lust isolated issues.

On the surface, when compared with IndyCar, grand prix racing certainly appears self-indulgent. As David Peevers, publisher of IndyCar 93 magazine, points out: "The very top indyCar teams are on budgets of maybe \$15m a year, perhaps onefifth of a top grand prix team's. And you can buy it all off the shelf, from people like [UK-based] Lola for chassis and Cosworth or ilmor for engines. You're talking about maybe \$500,000 for the car. \$50,000 for an engine - and basically that's it, you can be out racing. It should be about two drivers pitting their skills against each other, not sitting there on the grid worrying about wbicb of the computer programmers programmed their traction

control that morning".

Peevers' belief that IndyCar racing is more exciting than grand prix appears to be shared by television. ITV claims that UK audiences of 3.5m watch its Indy offering each week. That begs the question of bow big the "Mansell factor" is, and whether interest in IndyCar racing outside north America will disap-pear when Mansell retires or

returns to F1. A litmus test of whether Indy really is a potentially serious rival may come in October. The IndyCar "circus" will use this weekend's championship round in Michigan to finalise an announcement, likely to be made next week, that they intend to stage a non-championship race, Mansell included, at Brands Hatch on October 10.

There are some difficulties: under arrangements within Fisa, Indy cars can race only on ovals if they venture outside north America. Brands Hatch is not an oval, but few expect Fisa to stand in the race's way; the exercise is too fascinating for all concerned with motor sport. Will it be a sell-out? Will it, in the end, be as nerve-wracking "in the flesb" as its proponents claim it is on

As the architect of the grand prix technology ban, Mosley says be does not see IndyCar as a threat. Sponsors' budgets bave been trimmed back this year and face further cuts in 1994. The prospect of sharing the cake with an emergent international rival should be worrying. But Williams says there is little "cross-pollination" in terms of spon-sorsbip and that IndyCar will remain too parochial to impinge on grand prix's financial patch.

In any case, he says, there are "vast numbers of substantial poten-tial sponsors of F1" which grand prix has not yet learned how to tap. In spite of grand prix's slick public image, be says, its marketing skills still lag far behind its engineering

In Mosley's view, F1 bas been saved from itself by banning, before they arrived, such innovations as computer-controlled four-wheel steering. But once the recession is over, Mosley himself wants the technology chase to continue.

He wants to rearrange the technical regulations so that research goes into areas such as fuel efficiency. He wants to see intensified work on aerodynamics, particularly in the area between the bottom of the chassis and the ground.

He wants to see technological development of fuels and tuel efficiency. Down this route, he argues. lies not just better racing but a contribution to the world's energy problems, and the continuing support of its motor industry.

FOOD AND DRINK

Cookery/Philippa Davenport

Hearty fare to bring home the harvesters' supper has to

fields, devouring the grain rapaciously all day and half. the night. Clank, march and munch in a blaze of headlights. Although the manner of harvesting has changed greatly down the years, harvest foods remain much the same. Lamch in the fields, now as then, usually includes bread, cheese and some sort of pickle or relish. There are meat pies for the for-tunate and fruit cake for all, washed down with home-made iemonade or ginger beer. .

At the end of the day, as likely as not, there will be a good, honest stew with plenty of meat and rich gravy. It is comforting and sustaining for the workers and a sensible choice for the cook because it is easy to prepare, can he left to bubble gently unattended, and will keep without spoiling if timetables overrun. Rabbit is the classic choice of

Ingredients: 2 rabbits grown the season when they are best plump nn harvest corn, cut to eat and the farmer is keen to into neat portions (save the take his revenge. After idle heads, rib cages, belly flaps months devoted to growing fat and other trimmings for stock); 3 fennel bulbs weighing and sleek on his corn, the safe world of the crop is felled and rabbits are forced to fice the 8-8oz each, trimmed and cut into 6-8 wedges each (save the scene of their crimes. It seems feathery fronds for garnish and add the other trimmings only just that they should run into the sights of waiting guns to the stockpot); 2 lemons (one before being popped into the separated into juice and zest, the flesh of the other chopped into tiny pieces); 1pt stock made from the rabbit and fen-HARVEST STEW nel trimmings; 5 tablespoons This is an old favourite given olive oil: generous % teaspoon an aromatic new twist with fenuel seeds, bruised; 2 garlic cloves, chopped very finely; a lemon and fennel. Marinating makes sense, irrespective of the age of the rabbits. Not-sotablespoon or so of flour; 1 x 50 gram tin anchovy fillets, drained and cut into snippets; youthful creatures will need



Method: Make the stock and bruised fennel seeds, finelymarinate the rabbit in three chopped garlic and plenty of tablespoons each lemon jnice coarsely-ground black pepper. Leave in a cold larder for 24 and olive oil mixed with the

To cook, drain the rabbit joints well, reserving the marinade. Dust with flour and colour in batches in the remaining two tablespoons olive oil in a shallow, beavyhased stewpan or flameproof casserole. Remove and reserve the meat. Then, sauté the fennel briefly until streaked with gold. Set the fennel aside

Pour on the stock, which should be hot, and stir to scrape up the flavoursome sediment from the pan base. When the liquid is bubbling well, return the rabbit to the pot, add the marinade and the finely-chopped lemon. Bring to a bare simmer. Cover tightly and cook over the lowest possible flame for at least 11/2 bours. If

hours, turning the meat occa-sionally. the harvesters' supper has to be delayed for whatever reason, the stew can be left to cook for up to 21/2 hours without spoiling - although a fire-retardant mat could be advisable to protect against sticking and burning.

Fifteen minutes before the

end, check seasoning and add the prepared wedges of fennel to the stew. Push them down between the pieces of meat. immersing them in the gravy to heat them through speedily. Finally, chop and mix the feathery fennel fronds with the parsiey, the finely-grated zest of one lemon and the snipped anchovies. Scatter the mixture over the surface of the stew for

added savour just before bring-

the garnish and partner the stew with a crusty loaf of bome-baked bread and a pot of ANCHOVY BUTTER Serve this, as described, with

dles go well with this. Alterna-

tively, omit the anchovies from

harvest stew or spread it on toast to eat alone or to slip under poached eggs or grilled tomatoes. Small pats of anchovy butter are also excellent for topping grilled soups, and for anointing grilled Ingredients: 4oz bntter, at

room temperature; 1 x 50 gram

Method: Dice the butter and put it into a soup plate. Add the anchovies, cut into snippets, and mash them into the butter with a fork, eradually working in half the oil from the anchovy tin.

Pack the butter into a pot. smooth the top, cover, and cbill until shortly before

busy office of one of London's top chefs sits a pile of correspondence between the restaurant's solicitors and a Citizen's Advice Bureau and an enveinpe containing a week's wages and a P45 awaiting the

return of a young chef. The restaurant's head chef, whn has a quite distinctive style, would be only too happy to hand these over personally if he could receive in exchange what he believes is rightly his: the copies of the recipes made without permission during this particular young chef's four-week apprenticeship.

In many niber trades and industries this story could easily appear under the headings "industrial espinnage" or

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Scullery skulduggery

about 3 tablespoons chopped parsley, preferably flat-leafed.

but in the catering business such phrases cannot be used. Recipes set restaurants apart and fill tables hat it would take supreme arrogance to lay claim to "an original recipe". Just by changing small amounts of the basic ingredients anyone can formulate another "nriginal recipa". Often what holds back young chefs is the lack of a repertoire of proven dishes. One answer could be to copy them.

tenderising and juveniles will

benefit from added flavourings.

So how can you protect your own recipes? Unless, as chef, you are going to make everything yourself, you have to share your recipes with your staff and, to maintain their consistency, put them down on paper or on floppy discs (word processors have been almost as big a boon for the busy head chef as the food proces-

sor for his commis chefs). As head chef you must accept that you only achieved your exalted position by working first under a number of other chefs who were prepared to pass their knowledge on. On

advantage of the catering industry's high turnover of personnel. But once you reach the ton this becomes less of an advantage and more of a haz-

to protect themselves in two ways. The first is the trust that they show their staff and

Nicholas Lander on the odd case of the photocopied recipes

which they hope is reciprocated. In a busy kitchen which may he densely populated from 8am to midnight seven days a week - it is hard to conceal anything. The names of your suppliers, your recipes and even your projected gross margins are open secrets. Equally, it is hard for a spy to find a quiet corner to scribble down the kitchen's

But if you do manage this once you are unlikely to repeat the success. Although an impressive curriculum vitae helps secure promotion, it is not as important as a good reference. In their evaluation of their staff, chefs are frighteningly bonest and always willing to air their In this particular case, the

head chef checked the applicant's references with her former employers and put her to work on a four-week trial period on the basis that, if a permanent position became available, she would stay for a minimum of a year. There were, initially, the usual difficulties, mainly to do with the speed of her work and one or two complaints from fellow chefs that she was spending too much time copying recipes rather than working from the master recipe file. When she was confronted, the apprentice said she had just copied basic pastry recipes rather than any-

The restaurant later deduced that the young chef had managed tn copy approximately 150 of the restaurant's recipes hy doping the rest of the kitchen into thinking she bad the head chef's permissinn. She did this in the early even-ing when the proprietor went home between the lunch and dinner shifts. When the head chef, impressed by the applicant's obvinns passion for bread and pastry, offered her a full time job be was therefore most surprised to be rebuffed. The apprentice would no longer commit herself for a year, as she had originally promised she would, and walked out.

The head chef was naturally hurt and saddened by his misplaced trust and mistaken professional judgment. When, shortly afterwards, he met fellow chefs including Albert Roux, Rowley Leigh, Simon Hopkinson and Alastair Little around the lunch table one suggested recourse to lawyers, which has yielded the return of some recipes, but the others could offer nothing more con-

Even the best kitchens, it seems, have failed to create a recipe that will replace trust in one's fellow man.

Appetisers

ing the dish to table. Plain boiled potatoes or noo-

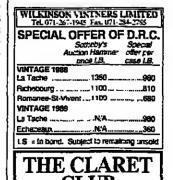
SOPHISTICATED Australians do exist. Two wines to seduce puzzled, by all the ballyboo about antipodean vintages are snbtle, smooth South Australian reds which will not jolt any lover of fine claret. Henschke's Abbott's Prayer 1990 (£11.64 from Lay & Wheeler of Colcbester) is a gorgeous blend of Merlot and Cabernet that is quite ready to drink but atterly convincing for the end of the century, too. Greg Trott, of the Wirra Wirra winery, produces another topquality, ecclesiastically-named Cabernet blend in the prizewinning form of The Angelus 1991 (£7.99 from Oddhins). Bravely ignoring vintage port Decant and admire.

Whatever happened to rioja? We all loved it in the 1970s when it was cheap; but now that emergent Spaniards have pushed the price np, rioja has languished somewhat untside its native land. The Rioja Gran Reserva Club (managed by Adnams of Snnthwold on 0502-724 222) is an attempt to expose snme of the finest mature rioja to British pal-ates. There is no membership fee but orders must be for a minimum of a case (although two mixed cases are avallable). Most refined and "modern" nf the selection on offer nntil August 31 is Campillo 1982 at £172 a case - bnt do we want modernity of our rioja? Rather more traditional in both flavour and structure is the fragrant Carlos Serres 1985 at £141. Bargain hunters might consider the wide range of "oaked" (although not necessarily barrel-aged) cheap Spanish reds. Victoria Wine's Casa Barco at £2.65 could do the trick for rioja nostalgics.

prices in the saleroom, the sbippers have launched the 1991s - and jolly nice they are. too. Of big shippers, only Taylor has declined to "declare," a decisinn presumably not unrelated to the fact that 1992 was the company's tercentenary year. Other promising examples at a recent London tasting included a well-priced Smith Woodbouse, a distinctive Nie-

poort, an exciting Quinta do Noval, a suave Graham, a compact Dow and a invely, dense Warre. Merchants making special offers include Adnams of Southwold (a six-bottle box of Dow or Warre is £80) and Berry Bros of London SW1.

Jancis Robinson



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Where the quiet inlets lap the green hills

Peter Marsh finds a cure for his worries beside the Kingsbridge estuary in south Devon

RITAIN is governed by charmless incompetents; you are seriously worried by the £50bn budget deficit; Ted Dexter is more annoying each day.
A cure for all these concerns is to sit outside the Old Stable Kiosk in south Devon and gaze at one of the most tranquil scenes in England. You get to the Old Stable by taking a fiveminute ferry ride across the mouth of the Kingsbridge estuary from the pretty town of Salcombe. A short walk from the landing stage is a small shed-like huilding next to a grassy hillock overlooking the

Inside this ancient structure. converted into a cafe, are two elderly women with pinafores who will smilingly serve you a cup of coffee or an ice cream. Additionally, to take home for supper later, you can help yourself to locally grown pota-toes and tomatoes, leaving the money in a jar.

From your wooden bench on the hillock, you take in the small, white houses of Salcombe climbing up the hill on the other side of the water. There is the great expanse of the estuary itself, its various inlets pushing back like the protrusions of a star fish into the green background of gently

Ahead of you is a mass of sailing boats, gently cutting to and fro across the inlet, and over to your right the famous Salcombe lifeboat, its proud yellow and blue hull at rest above the bohhing waves.

Further away, towards the open sea of the English Channel to your left, the undulations of the land on the other side of the estuary are somewhat craggier, with perhaps Salcombe in Devon: small, white houses climbing up the hill, a mass of sailing hoats, gently cutting to and fro across the inlet

the faintest hint of mist blow-

Below where you are sitting is a small beach. It is difficult to tell from here, but its sand has just the right clingy consistency to make quite grand cas-

tles, or even miniature cathedrals. Small figures race about. It is a blissful spot. I must have sat there 20 times and each time leaving is more difficult. The main point of going to the South Hams area of

Devon is to visit places like this. The area is exceptionally beautiful. Perhaps because it is some way from the main tourist towns and has few blg hotels, it has not been spoilt by

It is apparent from the restrictive nature of local planning rules that the planning officers of South Hams District Council want to keep things this way. I bave never met them, but assume they are tough-minded individuals who would sooner die than allow the merest hint of mass tourism to sully their region.

The best way to appreciate South Hams is to rent a cot-

The tourist office at Kingsbridge, the main town of the region, keeps a useful list. It is from Kingsbridge, too, that you can take boat trips on the estuary that dominates the area. Contact the River Maid ferry

company for details.

Many of the special places in nation of rolling hills, sky and water to thet found at the Old Stable. A few miles to the north-west of Salcombe is the coastal village of Thurlestone,

which boasts one of the mos scenic golf courses in England. You do not have to be a member of Thurlestone golf club to follow the cliff-top path snaking round the course overooking the sea. If you can, go there on a rough, grey day when the waves are battering the rocks and the sea looks like frothed milk.

Slightly to the north of Thur-lestone, connected by a sand-bar to the small village of Bigbury-on-Sea and isolated at high tide, is a grass-covered hunk of rock known as Burgh Island. It is a haven for sea hirds; there are virtually no buildings apart from a highly-regarded hotel.

Burgh Island exerts a power ful and memorable fascination. Studied at length at different times of the day through binoculars, the island's contours and depending on the position of the sun, the volume of cloud and the spray of the sea. Watching these slow changes over a period of hours is little short of dramatic.

There is one other place worth mentioning: from the village of Aveton Gifford walk along the tidal road that takes yon next to the lonely, glorious River Avon in the direction of the sea. Watch out for bird life and also the incoming tide. A cap of mine blew off in this spot some years ago. It is probably still there, rotting in the mud and the reeds. I cannot think of a better resting place.

EEPING OFF the motorways pays immense dividends in France. My preference at to take the road for Le Mans, for a drive to the Channel that is both sborter than the motorway route to Calais and infinitely

more entrancing.

Mind you, at Le Mans itself you can miss the old town altogether by taking the ring road. Le Mans cathedral is breathtaking: half Romanesque, half Gothic.

A countryside of polled willows, poplars,

Speed to Calais and miss France

meadowlands and watermills separates Le Mans from Alenon, the birtbplace of St Theresa of Lisieux, who died of tuberculosis in 1897 aged only 24.

Something to relisb is the cathedral at Ses, 19km further north. The road curves around the city and climbs up to this glorious building with Its twin, crocketed

west spires, its flying buttresses and gargoyles, one of which vulgarly vomits the rainwater. The buttresses, added in the 19th century, are the sole addition to the

building since 1330. Well worth visiting is the Haras du Pin. a few kilometres due north of Ses. Here is France's national stud, founded by Louis

XIV's chief minister, Colbert, in 1665. Argentan, 12km east, is where the battle of Normandy ended on August 19 1944. Here, too, Henry II learned that Thomas

Becket had excommunicated him. The English connection grows increasingly stronger as you approach the coast. At Falaise in 1027 William the Conqueror

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was Duke Robert III of Normandy, known as Robert the Devil, his mother a tanner's daughter named Arlette,

In the white-walled, balf-ruined castle the guide will show you the window through which the duke first spled Arlette washing her clothes in the river, though

the same guide usually adds that the window was only constructed six centuries

Caen is not a port, and to reach the ships you need to drive a little further towards Ouistreham. Ouistreham has a fortified 12th century church. It also has a casino and a marina, as well as excellent

James Bentley James Bentley's The Gateway to France was recently published by Penguin at £8.99.

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The beauty that makes Wales so hard to resist

Gerald Cadogan finds cottages the best bet in a country closer to England than France

middle England, especially. With a short drive, you are in a foreign country where names are hard to pro-nounce and people talk and sing a language incomprehen-

sible to outsiders. Far closer to England than France, Wales is just as stimulating a change, although there is one hitch. If you are English, there is a chance that a tiny minority of Welshmen - who do not like English people huying second homes there - may burn your holiday cottage. Still, it happens less than it did a few years ago.

How do you avoid such a fate? As one Welshman told me: "Do not pay over the odds for your house so that you are contributing to a property mar-ket that many local people cannot afford. And do not arrive with a car load of groceries from an English supermarket. Use the local shops.

Occasional arson apart, the country is giorious. North Wales is like a miniature Scotland without the midges and Anglesey flat like Ireland, with low stone walls around whitepainted cottages. There is a noble parade of castles, ranging from the mighty creations that Edward I built at Conwy and Caernarfon to subdue the country to oddities like the Normanesque granite pile of Peurhyn, erected last century on the profits of a neighbour-

ing slate quarry. On the the A55 north Wales highway, it takes barely 40 minutes to reach Anglesey from Liverpool and Manchester, and the A483 connects with it to give a fast link for drivers from Oswestry, Shrewsbury and points in England via the A5 and M54. West of Shrews-bury, the Welshpoot hypass is ahout to open, while south Wales waits for the second bridge over the Severn to end delays at the present bridge on the M4.

Cottages are the best bet in Wales. Houses of manor, rectory or large farmhouse size are few and tend to he 19th century, while stately homes are still scarcer. This is hecause, until the industrial revolution, Wales never had the wealth that England enjoyed. Thus, grand houses were not built.

'Don't arrive with a load of groceries from an English supermarket'

For potential huyers, where better to start than the former chapel and chapel house at Dernol, between Llangurig and Rhayader in the Wye valley of mid-Wales. On offer from Mor-ris Marshall & Poole for £41,000, it could not be more Weish. The stone chapel with slate roof has outline planning permission for conversion with the adjoining cottage as a single house. But use as licensed premises is forhidden.

From the same agent for £110.000 is a 1907 Arts and Crafts-style house in the middle of Llangurig Penybont. The price includes a coach house (if that is not sold separately for £25,000).

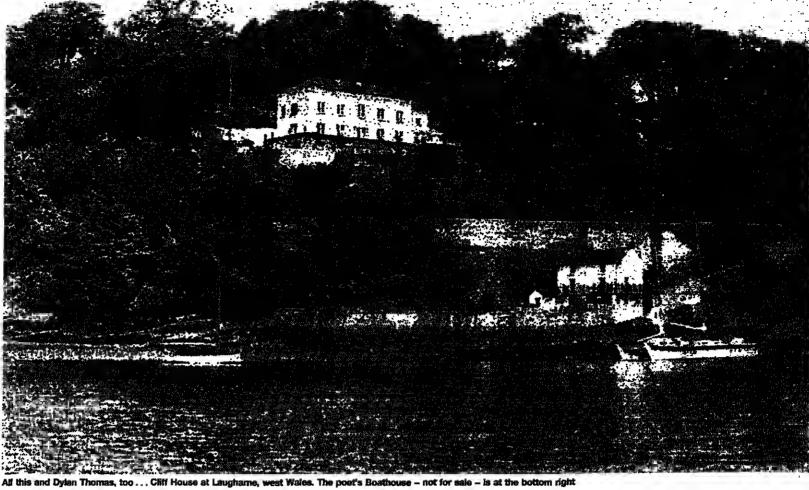
On the opposite (west) side of the Camhrian Mountains, Hafod Mansion Gardens in Pontrhydygroes 14 miles from Aherystwyth, has specimen trees and two acres of walled gardens. Price: £138,000, from Shearer and Morris. And in Cemmaes, the Machynlieth office of the firm offers the Georgian Aberhiriaeth Hall with five bedrooms for

£220,000. South from Aberystwyth in the Cothi valley, Knight Frank & Rutley has a farmhouse and two cottages at Edwinsford as three lots with fishing (two rods per property) on the river. The Cothi is especially good for sea trout. Prices are £150,000 to

In west Wales, Cliff House at Laugharne was re-built in 1986 after a fire. It has views across the Taf estuary and Carmar-then Bay to Pembrey Sands and Worms Head on the Gower peninsula while below, on the water's edge, is the Boathouse of poet Dylan Thomas. Agent Terry Thomas is selling it for £250,000. On the nearby Towy estuary, the same agent offers the Edwardian hrick Pilroath at Llangain for £205,000; it also has views of Carmarthen Bay.

inland, near Ahergavenny. Elstons has Pantybeiliau, an 1840 late-Georgian stucco house with eight hedrooms, five bathrooms, walled garden, paddocks, and views over the Usk valley towards the Black Mountains. Near the Roman site of Caerleon and five miles from Usk is Llwyn Celyn (also Eistons), another stuccoed property with nine hedrooms but just three bathrooms. Both houses cost around £500,000, depending on how much land is included.

If you want to fish on the Usk, Mardy Cottage at Llanwenarth Citra, near Abergavenny, is not a cottage but a house with half a mile of sin-



gle-hank angling. Halifax is the agent and the price around

Llanarithon, at Howey near Llandrindod Wells, is a hrick and stone farmhouse on the Welsh horders, it is detached from its farmland and has only eight acres (for £225,000, from Knight Frank & Rutley or Russell Baldwin & Brighti. But up to 175 more acres, and modern agricultural huildings, are available if you want to farm,

In north Wales, Hillway is a 1930s' seaside house with nine acres overlooking the Dwyryd estuary at Morfa Bychan, near Porthmadog . Gardens flourish in this sun trap and the price (from Jackson-Stops) is an attractive £185,000.

If you want high ground and a studio harn, the same firm offers Creua, at nearby Llanfrothen, for £175,000. A 7.25inch railway, built by the present owner, runs round the gar-

den and is also available - but the locomotives are not.

Further inland is Hafod Tany-Graig, in Snowdonia national park. This substantial Victorian gahled house in seven acres of woods and garden is offered hy Jackson-Stops for £245,000. Here, you can fish for trout in the river Edno, go for walks, climb mountains - and see what a beautiful country

■ Further information from: Elstons, Usk (0291-672 138); Halifax, Abergavenny (0873-855 141); Jackson-Stops, Chester (0244-328 361); Knight Frank & Rutley, Hereford (0432-273 087); Morris Marshall & Poole, Llan-diloes (0636-412 567); Russell Baldwin & Bright, Llandrindod Wells (0597-824 915); Shearer & Morris, Aberystwyth (0970-625 020) and Machynlleth (0654-702 472): Terry Thomas, Carmar-



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Shady plants come into the open

Robin Lane Fox concludes that the sun is less of an enemy than many growers have feared

fully cool summer, but I am learning to question one of the great divides in gardening. We all ask: does a plant need sun or shade? Catalogues mark the great divide with little symbols; dictionaries are keen to tell you the answers. As a result, I have been scared of whole groups of plants because they are supposed to prefer a shady existence. As a non-shady character, I cannot give them that I now find out that we are freer than we have believed, behind barriers of our own making.
Some of these barriers may have

formed round my misunderstandings. I am sure I was once taught that suriculas needed ahading when, in fact, these wondarfully ringed and marked forms of prim-ula are very much happier in full sun. Perhaps I muddled the instructions. But I did not muddle them for the vellow-flowered forms of clematis which are coming into their best. Popular wisdom tells us to plant them in semi-shade, preferably fac-ing east: I still have it on their

them, a plain Orientalis, is doing its semi-shaded best, striving for more sunlight, invading the eaves and showing, on the last count, three flowers facing boldly to the east. My other plant is the vastly better

Bill Mackenzie form, which was noticed several years ago by Valerie Finnis in the gardens of that great Surrey plantsman. Facing due sonth, Bill Mackenzie also has scaled the drain pipes; in full sun, he is smothered in flowers every year and shows not the slightest sign of scorch.

Other re-thinks are more dramatic. In the next few weeks, one of the charms of gardens in the west of England and Ireland are the dieramas and their curving wands of deep pink or white flowers. Their popular name is Venus Fishing Rod, and they arch over on to the soil like offshoots from some heavenly cast. The flowers are lika small gladioli, borne profusely on long stems above leaves like rushes at the edge of a pond. Admittedly, the

are enchanting, fit for a goddess who would angle, no doubt, in the

Everyone says a Venus Fishing Rod likes damp soll, and most people suggest semi-shade because of the imagery of water and so forth. Wistfully, I have avoided them in my dry, stony garden - but I have

'Venus is fishing happily and flowering madly without an umbrella'

just seen a magnificent clump standing in full sunlight on just as stony a soil in the middle of Broadway, in the Cotswolds. Its owner confirms that there is nothing wet or shaded about the position. Without any umbrella. Venus is fishing happily and flowering madly in her beautiful white form

ERHAPS it is this wonder- labels. I also have the plants. One of among the greenery, but the plants shade? In Britain, very few need it to protect leaves from too-fierce sun. What they actually want is water, and I find that occasional cans of it will bring down all manper of harriers.

if you feed your garden properly in summer you will, in any case, be watering these plants with Phostrogen from the bose or can, applied to the roots and leaves. On dry days, feed them in the evening; and hy wetting them at that time, you will fortify them for exposure to all but the fiercest sunlight the following

Beside paving stones, the old dogma about shade is often mis-taken, too, and for similar reasons. Leaves can remain in sun if roots can run coolly under a stone parasol. I find that sun on these terms is entirely acceptable to many epimediums or to schizostylis, with their

Even their expert growers told me that this experiment was stupid. Nonetheless, they have flowered and spread for three years in my garden without any light shade to

lovely pink and white flowers.

rather than sheltered leaves. In most areas, shade is a mixed blessing, anyway. To the purists, it means leaf mould, the damplyscented floor of a tall wood, or lightly-filtered light along the banks of a passing stream. Collectors in the wild are likely to put the indiscriminate label of shade-lover on plants

which they find in these natural conditions. Most of us cannot match them. For us, shade means scrappy soil beneath a neighbour's sycamore or the backside of an unfavoured urban plot. Why should anything prefer these conditions to decent soil, within range of a hosepipe, in fresh, open sunlight? On either side of any divide, there

are always firm exceptions. My point is that the frontier itself is arbitrary. Many good plants will flourish better in the open with water than in the half-light among another tree's roots. In both our kingdoms, human and vegetable, the most frequent reason for "preferring a shady place" is identical:

The fear that won't go away

Stuart Marshall explains how women motorists can cut the risks of being attacked

TATISTICALLY, the chance of wnman mntnrist heing attacked in her car is said to be minute. But the fear is real. incidents may be few but the results can be devastating.

There is no complete answer, of course. But all women can take sensible recautions to reduce the risk of either breaking down or being mugged in their own car. Some are so simple they should be second nature, as routine as fastening your seat beit before moving;

Always drive with the doors locked." Then, a thief cannot open one when you stop in traffic and steal your handlag side wheel changes are agnally avoid which should not be visible from out side one type looks a bit soft, just side, anyway. Worse still, he might get putting in meeting and hijack the car. Because alarms had engine immobilisers are making always said with a slow loss of presthem more difficult to steal, hijacking is successfully a said. The less can only becoming popular with this is in the get within a slow loss of presthem more difficult to steal, hijacking is successfully a said. The less can only becoming popular with this is in the get within a slow loss of presthem more difficult to steal, hijacking is successfully a said. The less can only becoming popular with this is only a major of eventually leave you stranded on a time before it happens in Britain. becoming popular with this in the US. Inevitably, it is only a matter of time before it happens in Britain.

M Never park, even for a manufe of time outside a shop, without forking the car.

M Never park even for a inhappe of two handed then blows out.

Outside a shop, without locking the car. I suppose I am old hashioned but I One in five of the almost 1 him cars believe that, legal oblightions apart, broken into stolen or driven away each motorists are morally bound to keep

year have been left open, some with the keys still in the Ignition. Making life easy for a thief is irresponsible. Insurance companies now take a hard line on claims for losses from unlocked homes.

Cars are no different. Next, breakdowns Some, such as runnext, preakdowns. Some, such as running out of petrol, are really inexcusable. Yet, on a typical day, the Automobile Association alone appears 100 calls from members who have done so. Never ignore a low fuel warming go to the next garage. And remainly that sensible drivers fill mp long before the light cames on

their cars in safe mechanical condition.

Regular servicing is essential. Too many people do nothing to their cars except put in petrol and call out the rescue service when they break

Just as there is active and passive car safety - not getting into dangerous situations and surviving a crash, in that order - there is active and passive car security. Active security is using your head to avoid trouble; passive security is mostly about car alarms and engine immobilisers.

increasingly, alarm systems are being fitted as standard by car manufacturers but according to Ross Group, a maker and installer, many women are confused. What, they ask, is the difference

between an alarm and an immobiliser? Answer: an alarm sets off a stren and flashes lights if a thief tries to get into a locked car. An immobiliser is an electronic cut-out to prevent the engine from being started. The best and most expensive systems have both. Other questions include:

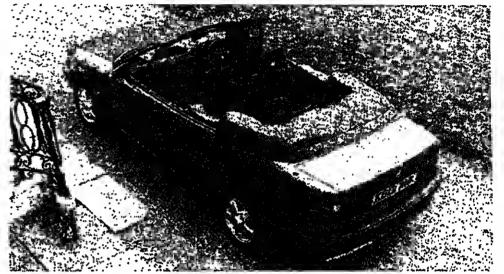
Can I protect myself when returning to my car at night? Fit a remotely controlled alarm like Gemini 5000 with a distress hutton. (Cost £199 to £349). You can set off siren and flashing lights from a distance if you suspect someone

is lurking near your car.

Is there any way of telling if someone has tried to hreak into my car so I can be extra-careful and perhaps park it somewhere else in future? Yes. An alarm with a status indicator will even show which protective circuit has been tampered with.

Can I leave my children and dogs in the car for a moment after setting the alarm without them accidentally making it go off? Some alarms have remote sensor disconnection (RSD). For a short period, it will go off only if someone tries to force the doors.

■ How can I go about fitting an alarm? It depends how much security you want. Do-it-yourself installations start from around £60, or a specialist will fit one at his workshop or your home. Call Homefit on freephone 0800-375 400 for details. If you plan to have an alarm fitted, consult your insurance company. Many offer discounts on both premiums and the cost of installation.



WHEN I HAD an Audi 80 cabriolet on test in June, the weather was so awful that the bood never got opened, writes Stuart Marshall, Early July was better, though, and the power-operated top of the Vauxhall Astra 2.0i convertible (above) was open more often than shut.

This lively car rode well, shook only slightly when a wheel hit a pothole and remained perfectly habitable, bood up, at a business driver's motorway cruising speeds. Closed, it drove as quietly as a saloon and stayed dry even during

a near-tropical thunderstorm, it is a proper four-seater, although the hood mechanism takes up so much boot space that four people could, at best, take a weekend bag apiece.

Since an open car creates much more serodynamic drag than a saloon, I thought 27 miles per gallon pretty good because most of my driving was either at speed on the motorway or in stop-start town traffic. The price is £15,800. which includes a power-operated top, windows

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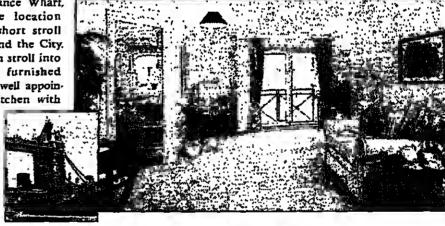
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pendent publishers. Owen has assembled a team of contributors whose professional skills cover many different aspects of this complex business. Here are alongside representatives of the old-style gentleman-publishers; and here are articles by those concerned with literary fiction, mass paperback fiction, illustrated books, academic books, children's hooks, femi-

nist books, gay books. In all these areas, the period has been one of far-reaching change, and perhaps the most significant has been the original paperback - a

Reading behind the lines

Anthony Curtis looks at the revolution that is changing the face of the publishing industry

Owen's is one such, and the fact that I am reviewing it gives it par-ity of esteem with the new hard-backs on this page. That is some-thing which publishers, particularly those of serious fiction, have been fighting to achieve for years.

Original paperbacks are not a new phenomenon, not even for literary fiction; imprints like Serpent's Tail in London and Polygon in Edinburgh having been publishing them for a long time. But, at the end of 1991 and the beginning of 1992, several companies with a long and distinguished tradition of liter-ary fiction publishing, like Secker & Warburg, Chatto & Windus and Hamish Hamilton, began to publish original paperback fiction. In an article called "The Death of

the Hardhack?" Dan Franklin, the cover sale of around 1.000 copies

head of Secker and Warburg, recalls the strategy of compiling a paper-back fiction list with a distinct series identity, selling at £7.99 in a format midway between that of the average hardback and the mass-market paperback. Before the plunge was taken, the support of the hooksellers - particularly Waterstones and Dillons - was can vassed and a positive response given. But there was still a fear that the books would be consigned to oblivion by the literary editors of newspapers and magazines.

"Without reviews. [Franklin writes] the hooks would die. However, our fears were unfounded. Generally, each hook has had at least as much review coverage as it would have received in hardhack." In the old days, a small hardreview coverage was favourable, there was the expectation of a massmarket paperhack edition 12 months later. But this minimum

PUBLISHING NOW edited by Peter Owen Peter Owen \$12.95, 175 pages

hardback sale can now be achieved only rarely. Ian Chapman, in his article on "Paperback Publishing," explains: The view is that anywhere between a 4,000 and 10,000 copy sale at a midway price of £8.99, let us say, is better than a sale of under 1,000 copies at £15."

Clearly, it is too early to ring the death-knell of the fiction hardback - let alone the non-fiction hardback

was enough to establish a novel; if in such areas as literary hiography - hut we are likely in the future to see more and more novels appearing first time round as "C-format"

(ie, posh-looking) paperbacks.

A further phenomenon, that of marketing the book on a diskette that the customer inserts into a portable computer and reads from the screen, is not dealt with here. Yet, American publishers like Random House are already exploring this in association with AppleMac computers. Jurassic Park, The Portrait of Dorian Gray and The Annotated Alice are among titles on offer in

It might sound ridiculous hut there are certain advantages in having a hook on disc. A paperback, however up-market, tends to foreclose on a reader unless he or she exerts pressure to keep it open. The first two titles above would clearly be enhanced by the computer's graphics and, in the third, the footnotes are almost as great a delight as the text (and are embedded much

more neatly in it on screen).
For couples in bed, where one partner wishes to switch out the light and go to sleep and the other to continue reading, the noiseless computer screen that casts almost no light heyond itself is the perfect

Advances in electronic printing have hrought about many fundamental changes - a technological revolution which is continuing. with hy Robert Adkinson, of Thames & Hudson, who underlines the internationalism of the modern printing process.

The co-edition – a book funded

jointly and published simultaneously in several different coun-tries - remains of paramount importance for most art books. Colour reproduction, already at a high standard, is likely to improve further through "non-impact printing, with ink jets operating to preset co-ordinates controlled by com-

The inroads made into the industry hy computers are apparent throughout many of the articles.
There are creatures like EPOS
which monitor the sales of stock in
the chain-store bookshops, JANET, which gives librarians rapid access to information; and CARL, a document delivery service in Denver, Colorado, with which Blackwell's

has formed an alliance. Electronics dn not dn it all, though. Publishing still depends on human input from people like edi tors (Dan Franklin), publicists (Jacqueline Graham), agents (Giles Gordon), booksellers (Tim Waterstone), and last - but by no means least authors (Peter Vansittart). These people all contribute lively articles to this stimulating book.

Israel feels the chill

MERICANS, in one of their periodic moods of navel-gazest in ahroad. With the end of the cold war, the US has lost a role and feels encumbered with

an empire. The mood of inattention has America's clients worried. Israel, which since 1967 has slipped (against its better judgment) into an unhealthy degree of diplomatic, economic and technological dependence on the US, suddenly feels a disturbingly cool breeze from Washington. Once. the Israelis used to worry about US diplomatic bostllity; now, they notice something even more menacing - lack of interest.

David Schoenhaum's Is by no means the first history of the American-Israeli relationship, and yet another requires some special, saving grace. He bas read scores of memoirs, inter-

THE UNITED STATES AND THE STATE OF ISRAEL by David Schoenbaum

Oxford £30, 418 pages

viewed participants, and dug out diplomatic documents. He does not, bowever, use Hebrew sources - a strange deficiency in a book on such a topic published by a respectable univercentral issues are skirted or ignored.

Then, too, the book mentions only fleetingly one of the main engines of American support for Israel, the Israell lobbying organisation in Washingon. Called the America-Israel Public Affairs Committee (AIPAC). it rivals the National Rifle Association with its skill in mobilising support in Congress

and the bureaucracy. Why should America continue to support Israel? Until a few years ago, the Israelis could present themselves, plausibly, as formidable regional

Now, though, the spectre of the evil empire has been laid and the US is no longer in the market for local exorcists. The Gulf war - in which the Israelis were told, bumiliatingly, to put up and shut up, provided a vivid illustration of the transformation of their position in official Washington

Digging deeper into their arsenal of used-up arguments. Israeli spokesmen boast of the "shared values" of the two countries. But the whole world now loves democracy, chicken McNuggets and apple pie, and it is by no means obvious to the American taxpayer that Israel has a premium over other supplicants at the table.

Then, of course, there is the real reason for US involvement: the American Jewish community. The British Foreign Office has long regarded it as perverse and unnatural that US foreign policy should pay attention to the views of this large and influential internal constituency.

Ernest Bevin, Labour's foreign secretary after the second world war, ascribed bis personal failure at the end of the Palestine mandate to the unwarranted interference of the American Jews in a matter he regarded, with an almost perverse unrealism, as none of their business.

Like it or not, though, the bond hetween the Diaspora and Israel was and is a political fact, one that Bevin and many since discounted at their peril.

From time to time over the years, the US State Depart-ment, like the Foreign Office, bas read American interests differently and sought to steer policy away from support for Israel. But, since 1967, such deviations have always been rectified by the elected elements of US government. American bureaucrats, like

their British colleagues, used to regard such presidential or congressional busy-bodying as unconscionable interference in the diplomatic process, but they have by now learnt to live with it. So long as 6m American citizens continue, unfashlonably, to maintain interest in a foreign cause, and so long as they are influential in political Israel is likely to remain unbreakable.

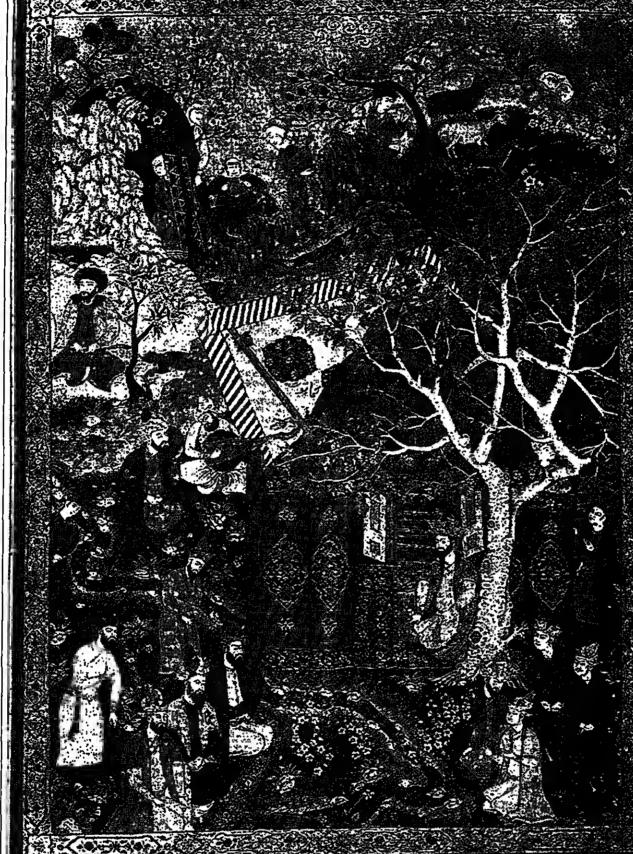
The pathways that lead from this ethnic solidarity to a strange alliance (that is not formalised in any treatyl require further exploration and never more so than now as the present Arab-Israeli peace talks enter their most critical

Unfortunately, this book adds little by way of new information or new ideas to what has been said and written on the subject already. It more or less grinds to a halt around 1987, so that the reader looking for fresh insights into the present "peace process" will be left unsatisfied.

On many key issues, Schoenhaum refrains from disclosing his own views. Was Israel a "strategic asset" to the US during the cold war, as was often claimed, or was it a millstone round America's neck? Could the US be a friend to Israel and, at the same time, an honest broker in negotiations with the Arabs?

Schoenbaum raises a lot of questions like these and throws a mass of semi-digested data at the reader from various angles hut be declines, coyly, to provide intelligible answers. Indeed, his only conclusion appears to be that the American-Israeli relationship is "more special than most." This

Bernard Wasserstein in scope than one might think, thanks



This hrilliant illustration of the Mughal ruler Humayun giving audience in his tent comes from J. M. Rogers's attractively written Mughal Miniatures (British Museum Press; £9.95; 128 pages.) It is one of a new series of short highly illustrated guides to Islamic art hy experts in their fields; Persian painting, metalwork and, soon to

appear, tiles. The art of Mughal India in the 16th and 17th centuries is a terrific subject. and Professor Rogers's book is hroader to his emphasis on the personalities of the emperors. Akbar, Jahangir, Shah Jahan and Awrangzib. Their voracious appetite for art yielded little to Habshurg or Medici contemporaries. Emperor Akbar's library of 24,000 volumes is estimated to have cost three times the sum he spent on huilding the city of Fatehpur Sikri.

The strangeness of Mnghal art, with its hizarre Düreresque Crucifixions, is explicable when we read about Akbar's and Jahangir's real love of European art. They even ordered copies of

famons Roman images of the Madonna to be displayed in public places. Small wonder that the Jesuits misinterpreted them as thirsting for baptism, whereas Akbar was set on a quite other goal, the imposition of his Universal Religion.

Whether you are planning a visit to northern India or simply interested in a fascinating chapter in the interchange of cultures, this is a book worth having.

Patricia Morison

FT Children's Book of the Month

Poetry with perception

ENERALLY speak-ing, it has not been a good year for The only memorable collection of the spring was Philip Gross's The All-Nite Café (Faber, £3.99). At his best, Gross is an inventive and imaginatively far-reaching poet, but the book's format and general presentation were so mean and unappealing that few children are likely to have seen it. More's the pity.

Matters have taken a turn for the better, however, with the publication of three new anthologies. Two are good: The Orchard Book of Poems for older children, chosen hy Adrian Mitchell (£14.99); and First Poems (Orchard, £8.99), compiled by Julia Eccleshare, who has for many years been responsible for editing that excellent annual publication, Children's Books of the Year.

Best of all, though, is Apple Fire, a selection from the many poems written by children between 11 and 13 at Halesworth middle school, on the Suffolk coast, under the tutelage of their English teacher, Jill Pirrie. Over the past decade, 54 of Pirrie's pupils. have won individual awards in the annual W.H. Smith young writers' competitions, and the general quality of the poetry in this book is quite astonishing. It reveals an acute sensitiv-

ity to the hidden resources of language, an ear for its music and a sense, above all else, that these children have discovered something akin to what the Brontë sisters discovered at Haworth parsonage in the 1820s. In the words of Ursula Le Guin, they have Tearned the landscape of their own being and how to describe it." Learning poetry by rote in UK schools is, effectively, dead and few would wish anything else. But where do we go from here in teaching poetry? There are, of course, creative writing classes. But none can succeed without a teacher who

poetry and can share that understanding with children. Pirrie has both these qualities, as is evident from her excellent introduction to this book: a wise, trenchant and entirely unsentimental defence of the value of poetry in a

both understands the value of

child's life.

Every child is an oddity; and every child can be encouraged to put words and images to the sights, sounds and feelings particular to himself. The task demands wakefulness and an attention to detail - which children possess naturally in abundance. By discussion and example, the impetus to write can be released and the capac-ity to think, look and listen in words be nurtured.

The positive consequences,

the universalising of particular experiences: the reconciliation of inner and outer worlds; and, most exciting of all, new perspectives on the ordinary.

The child, guided properly and encouraged, is enabled to come into the inheritance of a living, shared language, quickened and refined by its literature. The promotion of literacy is a much larger and wider thing than helping a child to be a master of the language of cliches; and teaching poetry, with the close attention that it demands to the meanings of individual words, together with its economies of form and structure, is an ideal way of introducing children to the

value of language itself.
It all sounds heady and inspirational stuff, but the fact is APPLE FIRE, THE HALESWORTH MIDDLE

SCHOOL ANTHOLOGY

edited by Jill Pirrie

Bloodoxe Books-£7.95, 128 pages

that the results are there to be sampled in this excellent book. These children have been quickened into a radiant perceptiveness by their sympathetic teacher; and Phrie must have felt from time to time what that other teacher, D.H. Lawrence, described once at the end of a poem entitled "The Best of School"

I feel them cling and cleave to As vines going eagerly up; they

My life with other leaves, my

is hidden in theirs, their thrills are mine. But who taught the teacher?

The most important presence in this book is that of Ted Hughes, Britain's finest living poet for children. Pirrie often uses his farmyard fable, What is the Truth?, to set the creative process in motion. Many of the children's own

poems are written in a forceful, driving, Hughesian vers libre, and have that hot, sharp stink of fox about them, irrespective of whether they are dealing with animals, dead or alive, or the natural world in all its beautiful fragility.

An earlier book by Hughes Poetry in the Making, contains a useful piece of advice for teachers that Jill Pirrie quotes in ber introduction: "Their words should be not 'How to Write' but 'How to say what you really mean' - which is part of the search for self-knowledge and perhaps, in

one form or another, grace." These are important matters too important to be left to the teachers alone.

Michael Glover

ONSPIRACY theories oever die, nor even fade away. One can only try to expose them. This book should be read hecause it puts to rest some of the myths that have gathered about the story of Rudolf Hess's extraordinary flight to Britain on May 10

An expanded re-issue of a book first published in 1971, this account by the Duke of Hamilton's son makes use of fresh documentary material, some from Hamilton papers hut also from Foreign Office records, including MI5 files, opened for public scrutiny in 1992. It is handsomely tilustrated with many unusual, and previously unpublished photographs from British and German collections.

A well-researched introduction by Roy Convers Nesbit, a wartime navigator, and Doug-

las-Hamilton's expanded text demolish the myth that the man who flew to Scotland and was later imprisoned in Spandau was not Hess hut an imposter. Neshit's reconstruction of the RAF's tracking record for Hess's flight calls into question the account given hy John Costello in Ten Days Thnt Snved The West (1991) and undermines the argument that the Duke of Hamilton knew of Hess's project and made efforts to assure

his safe passage. It was a combination of Hess's daring and skill, the RAF's technological deficiencles, and luck which helped the deputy Fuehrer evade his pursuers until a fuel shortage forced him to bale out south of Glasgow. Douglas-Hamilton disposes of the charges that the Duke knew Hess and that the flight was arranged by the

without his knowledge. Hamilton had never met

Hess previously although both attended the 1936 Olympic Cames. The connection was through Albrecht Haushofer. son of the geo-politician Karl Haushofer, whose theories so appealed to Hitler. The elder Haushofer, teacher and frieod of the young Hess, became partly dependent on the protection of his old student because he had a half-Jewish wife.

Albrecht was a conservative nationalist German with deep misgivings about the Nazis. Alhrecht hecame Hess's pre-war personal assistant and Ribbentrop's diplomatic ageot. with a particular interest in Anglo-German relations.

Opposed to the war, and passionately concerned to preserve peace between Germany and Britain, Albrecht, in a letter in July 1939 to the future

THE TRUTH ABOUT RUDOLF HESS by James Douglas-Hamilton Mainstream £14 99, 256 pages

knew well, warned of the imminence of war and pleaded for a British peace plan. By 1940, still serving Hess, Haushofer was in contact with conservative resistance circles. He provided the link hetween

Duke of Hamilton, whom he

his position with Hitler, sought to open communications with the London government. German documentation, not used here, supports the author's contention that the Fuehrer knew about these peace efforts. They were hut one of many attempts in the summer of 1940 to secure the agreement with

Britain that Hitler wanted. Albrecht. on Hess's urging, wrote to Hamilton, now in the RAF, in September 1940 suggesting a meeting in Portugal. The letter was intercepted and for reasons still unknown not acted upon until five months later. It was forwarded to Hamilton, who was asked by the Air Ministry to arrange a rendezvous for intelligence

purposes. The matter was still under discussion when Hess, frustrated by the failure of Albrecht's initiative and knowing of the forthcoming Russian invasion, took off for Hamil-ton's home in Scotland.

Hitler was taken by surprise. Hamilton was totally in the dark, it was not until Hess's flight that London realised that Albrecht was the eminence grise in the affair, though he knew nothing of Hess's plan. False information on the BBC, subsequently corrected. directly linked Hamilton and Hess. Churchill's decision to provide no details beyond the announcement of Hess's arrival and detention opened a Pandora'a hox of speculation that is still not closed.

Hess: the myth debunked The British government mis-handled the affair, missing a propaganda opportunity in Germany and raising alarm in Moscow. Misleading intelli-gence reports from Kim Philby and Colonel Moravetz, head of Czech military intelligence, convinced Stalin thet Hess had been encouraged to come to Britain to conclude a peace settlement and to secure support for the attack on Russia. These suspicions, never ahandoned, were reflected in a British Communist Party pamphlet calling Hamilton a friend of Hess. The British government reluctantly allowed Hamilton to sue for libel. A public retraction followed hut ministers

sweated out the possibility that. Hess might be a witness. Douglas-Hamilton has suc-cessfully dealt with some though not all - of the questions still surrounding this bizarre episode. His account

leaves out some of the back ground information needed to understand the connection. For the most part, too, the author has only used the new Foreign Office files to amplify the story ha has already told. It is unfo tunate that he did not expand the later sections for, as his tantalising summary of the contents suggest, they apparently provide far more information than is given here. A brief epilogue covers Hess's trial at Nuremberg, his imprisonment and suicide in 1987.

As in the original version, the last chapter deals with the fate of Alhrecht, who was arrested after the July 20 plot peace and shot on the night of April 22-23 1945 as Russian troops closed on Berlin. One is grateful for a sensible account of the flight, but this will not be the last book on Hess.

Zara Steiner

than, in mid-reminiscence.

scowls at his salad plate; Leo-

nard the agent, seated oppo-

site, gives me a crisis-smooth-

ing smile. It is 1.40 pm in a

dining-room at the Beverly

Hills Tennis Club and Holly-

wood's most distinguished

sourpuss is giving us a master-

class. For the next five minutes

the rococo Matthau vowels and

sing-song Matthau adenoids

are deployed in caustically

Forty years and as many

films - including perennials such as The Odd Couple, The

Front Page and A New Leaf -

have turned this man into the

best-known comic misanthrope since W.C. Fields. No star has more ingratiated himself hy

being uningratiating. Look up

"grouchy" in a dictionary and you will find Matthau's face

there. Rubber-duck features

with excess-baggage jowls; nar-row eyes sunk under half-mast lids; thick black hair slapped

on top - "real", Matthan insists - like a mortarboard on

This week he returns in Den-

nis, a rampaging-kid comedy scripted by John "Home Alone" Hughes. Though the

film's American title was Den-

nis The Menace, it has nothing to with the shock-haired delin-

quent known to Beano readers.

'I didn't even know you had a

Dennis the Menace in Britain," Matthan proclaims. "Our film is based on a comic strip by

Hank Ketchum, who lives up

in Carmel. Dennis is a six-year-

old terror and I play his neigh-

bour Mr Wilson, who's described as 'cur-mudgeonly' and 'can-tankerous'" - Mat-

thau chews over every syllable

- but like all curmudgeons,

Pause for Rene to set down

new salad bowl. I wanted to

play it another way. I wanted

to play a guy who really hated

Matthau's off-camera duties

though he is modest about the

accent he used in his last

major film, Polanski's ill-starred Pirates. "I wanted to

do Irish but Roman said there

are no Irish pirates. I tried

Cockney at the audition and

the British guy acting with me

said, 'Very, very good. Austra-

lian?" As for Pirates itself,

Matthau still winces at the

film that probably toppled him

from the hox-office heights where he had lived happily for

20 years. "Humour is not

Polanski's forte," he darkly

states. "The film was jumbled,

confused, it was" - pause for word-search - "ob-fus-cated."

with a heart of gold."

a crusty teacher.

comparing bowls to plates.

The master tale-teller

HE CRAFT OF story-teiling has always held a primal impor-tance for African-Americans, Deprived of access to conventional means of historical narrative as well as to anch of the media, blacks in America have nonatheless managed to forge a vibrant and varied fictive tradition which has kept their culture alive. It is this heritage that informs the work of John Edgar Wideman and provides an explanation for the seem-

ingly paradoxical title of his collected stories. In Wideman's world, all stories are indeed true, if truth means they can help remedy the lies and distortions which mainstream white society has often employed to keep hlacks in their place, Throughout this book's 34 stories, Wideman's characters, usually inhabitants of the Pittsburgh community of Homewood, tell one another tales, tall or otherwise, in an attempt to understand their often bleak lives.

This preoccupation with the craft of storytelling is the glue of the first two volumes, All Stories Are True (1992) and Fener (1989). In the title story, a man retells a tale told him by his convict brother about a leaf that flew out of a prison as it was cheered on by the immates It is a stirring image of free dom and escape, given added poignancy by the man's admis-sion that his jailbird sibling will never explain that the leaf was blown back in again. The story's truth lies not in its factual accuracy hut rather in the way it expresses a desire for

In "Signs", a hlack college professor complains of anonymous racial abuse, only to confess eventually that the whole affair was har fabrication.

TALL STORIES ARE TRUE: THE COLLECTED STORIES OF EDGAR WIDEMAN Picador £8.99, 432 pages

Wideman, though, leaves plenty of doubt as to the veracity of this confession, making us wonder if perhaps the teacher did it just to end the abuse. Once again, factual truth is bypassed to lead us to deeper understanding of the psychology of racism. When people are unable to tell one another these libera-

ting stories, life becomes more

difficult, even unbearable. In "Doc's Story", an abandoned black husband rues his decision not to share the more imaginative aspects of his culinre with his white ex-wife, particularly the story of the hlind man who could play street basketball with the best of them. "Fever", meanwhile, is a brilliant exercise in posi-tive revisionism, telling the atory of a hlack man who helped a white doctor during Philadelphia's yellow plague of 1793, during which white histo-rians have inaccurately claimed local blacks behaved in a cowardly fashion. Here, better than anywhere else, one sees the real Wideman at work, his almost oracular voice able to keep his people's myths and

On occasion, Wideman lets his extra-literary bent get the best of him, creating stories in which the artifice subsumes' the tale told, such as the jazzy "Everybody Knew Bubba Riff", a Joycian stream of consciousness that defeated this reader's weary eyes. And it is hard to see what place the post-Modernist hijinks of "Sprinction" have in the same volume as

heroes alive.

the devastating "Newborn Thrown in Trash and Dies". The high point of this book is the third volume of stories it incorporates, Damballah (1981), a masterplece of black American fiction. For reasons known only to themselves, Wideman and his editors decided to place it last rather than up front where it belongs. Dambailah's 12 stories provide the fictional history of a Homewood clan, from slave days until the present. Far better than Roots, it depicts the pressures brought to bear on the African-American family and the strategies for survival it has been forced to undertake to stay together.

The book is perpered with heartbreakingly heantiful moments, such as when John French, the family's strong man, finds a dead baby in the garbage. Afraid of reporting it to the white authorities, he decides to hury it, working during a snow storm to dig a deep enough grave. When he realises he has no way of interring it other than dropping it six feet, he first shovels in a bedding of fresh snow to cush-Later in the family's history,

an old woman examines a woven silk portrait of her granddaughter her son had made while he was in Vietnam. Everyone in the family hates it because it makes the little girl look Oriental, though tha grandmother is able to imagine the old Vietnamese man who sewed it, seeing in his handiwork his own granddaughter, dead perhaps from napaim. It is with moments like these that Wideman shows himself to be a writer who rarely sounds a false note, a writer who, at his best, can make any story sound true.

Stephen Amidon

on *Dennis* included teaching co-star Lady Olivier how to speak Chicago-style. "Every time Joan got British I'd say, The problem is that O'Connor has chosen e cumbersome webicle to prove his conviction Not 'worried', dear, 'werried'. My nwn accent is fair-to-middling New York. But expressed in a peculiar note at the book's end - that England lost its soul by sup-I can do Chicago. 'A ket-ehhsssing the One True Faith. trophe is something that We are expected, one supposes, to applied the subtext of hosshouldn't behbpen ... A master mimic, Matthau can also do Deep South, Far West and broad Cockney,

women priests and so on. After the thinness of Gibson and the sullen zeal of O'Conpor, an old pro like R.K. Narayan comes as e relief. At a sprightly 86, the doyen of Indian letters remains true to form. The Grandmother's Tale, three short novellas, has all the naive passion and genfly mocking humour of his best work. The stories are simple: a child bride stalks her absconded husband, a bureaucrat's greed brings disaster, a poor housewife achieves literary fame by way of her oblivi-

ous husband's skill in the

kitchen. To the dismay of his more critical countrymen. Narayan makes no pretense to modernity. His pre-Independence India is e lost world, rooted in Hindn fable and populated with Bertie Woosterish innocents. But the characters have depth; their motivations ring true. Narayan may have little to say about fundamentalist rage, but what he can do is

"MY FATHER was an itinerant menial worker," recalls Walter In the world of Matthau. "He was an electrician, carpenter, photographer. My mother always used to say ... Rene, what happened to Walter Matthau those nice b-o-w-l-s?!?" His mother said what? Rene the waiter looks startled; Mat-

Nigel Andrews enjoys a masterclass with Hollywood's most distinguished sourpuss



Walter Matthan as the long-suffering Mr Wilson in the film "Dennis"

this one-line vocal snapshot is more memorable than the whole movie. Pouncing on words and teasing them into constituent growls - they seem to come with a whole commentary of baroque mockery - is one of the secrets of his wit as an actor. He started his screen career playing mangy, rangy villains in movies like Fail Safe and Charade. Then Billy Wilder, after almost giving him the lead role in The Seven Year Itch, put his elastic features and gnarled vocal emphases into Meet Whiplosh Willie (1965). That began the doubleact of Matthau and Jack Lem-

"Billy saw me as the quintessential con man. Ynu know, 'Watch out, this guy will sell you the Brooklyn Bridge.' Lemmon was the gullible innocent - which of course he is in real

mon - sardonic vinegar and

plaintive oil - and the equally

flavoursome relationship with

"People don't believe you can do comedy until you do it. For years they took one look at As delivered by Matthau, me and said, 'You're the vil-

lain.' An actor when he starts out is judged by his face. You, for instance" - I brace myself "would be cast as the villain. You're not glamorous enough to be the leading man. He" -Leonard hraces himself -"would he the 'best friend." When Ronald Reagan was running for Governor of California, Jack Warner said 'Governor? Ronald Reagan? No. Best friend.' A governor has to have wit, intelligence, aggressiveness. Warner couldn't see any of that in Reagan.'

ut who could have seen Matthau's destiny in his unpromising origins? He was born tn a Jewish immigrant family on Manhattan's East Side. For his start in show husiness he sold drinks in New York's English-language Yiddish Theatre. "Soft drinks and three-flavour ice bricks. Then they put me on stage and gave me e couple of lines. I played an old lady in e crowd scene and my lines were 'Mazel-tov! Mazel-tov!"

After that it was more high-

front. "I was pleying the old bishop and I came on and said" - deep-voiced British accent -"'I have known you from a child, King Henry, I was present when you took your first three steps. At which point he turned his back to the audience and in a very loud Rex Harrison voice let out 'Oh shit!' So for the next ten minutes all I could hear was the audience whispering 'Did he say shit? Did King Henry say shit?" Matthau finally escaped into

movies. But for his first teo years in celluloid he was only ever cast as the foreign-looking heavy. "They saw me as a tall Jewish Ukrainian, talking about horses and smoking cigars. I was never cast as the lead. A woman stopped me once on the hoardwalk on Coney Island and here were her exact words. 'Hand-some? I've seen better. But you're something, I don't know what!" "Later, when they determined I was a box-office draw, they started to give me leading roles in which I was connected to the female romantically."

Connected to the female romantically. No other actor in Hollywood talks like that. Matthau plays with polysyllables as if they were precious coinage; and even simple words become valued currency for him in the right context. He once had a dehate about a small conjunction with Neil Simon, who wrote several comedy roles especially for Matthau, including Oscar in The Odd Couple. "In one of his plays I said to Neil, Can I say 'l got hit by a puck instead of with a puck. And he said, the line is 'with'; but he let me try it. And 'by a puck' got a higger laugh. It makes the puck an

animate object."

Why - since Matthau clearly knows his mind when it comes to how comedy should read and play - hasn't he followed the current Hollywood trend and turned from actor to director? See Eastwood, Redford, Beatty and company...

profile theatre on Broadway,

alternating with historic days in live TV. "I must have done

over 100 television shows and

it was the best acting experi-

ence you could ever have.

Made you think on your feet.

First thing you learn is, if

you're sitting around doing

Chekhov and the cat walks in,

you must pay attention to the

cat. You cannot continue with

the dialogue of Chekhov with-

out including the cat. So on

live television we'd automati-

cally go into ad-lih gear.

There's the famous story: sud-

denly the phone rings on stage

and there's not supposed to be

a phone call. And it's persis-

tent. And eventually the guy

walks over picks up the phone, says 'Hello?' Then he

looks et the other actor and

Accident-management

hecame a Matthau speciality.

In a Broadway production of

Anne Of The Thousand Days

he remembers bustling on

stage as an unannounced

understudy, behind the back of

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says 'It's for you.'!"

"Actors seem to think there are more important things than acting. That includes not just directing but mouthing off about politics and causes. Maybe they're right, But if you plan to keep acting as well, you'd better decide how much you want to jeopardise your credibility. As an actor, you have to leave yourself open for different roles. If you're a flaming reactionary or liberal, you hring hostile elements into your corner. The less you say about yourself, the better off you are. Otherwise people say: Oh I know him, he's that Jewish fellow from New York who was impoverished as a young man - why's he trying to play an Episcopalian priest?

Matthau himself is still haunted by the career advice he once gave a fellow thespian from England. "I once did two films with Glenda Jackson. One night we were dining with some aristocrat friend of hers in London and she was talking the hind legs off us about social justice and class and poverty, and afterwards I said You know, Glenda, you really should go into politics."

Matthau takes a rueful chew Rex Harrison delivering a on his salad. "I understand she

Rich and randy HANK GOODNESS THE GRANDMOTHER'S

for the Rappire. Britain's predilection for the poles of a more and more derivative fri-volity and a less and less ratio-nal gloom is undermining the art of the novel. Where would we be without the deeper imported shades of the Carlobean, the subcontinent and

other outer marches? Take Miles Gibson's new book Fascinated, a gorgeously written romp through a London underworld of bruisers, mugs and moils. Frank Pisher, a nobody of a marketing man for the Fancy Wholesale Fruits Corporation, is yanked by a fuke into the dangerous orbit of mega-rich gangster Conrad Staggers. To win the heart of the beautiful Valentine, he must learn to kill. In the process be "comes to understand the need to give death a moving target". Gibson's writing is rich and randy, the plot as slick as it is predictable. But the characters ere celluloid. the scenes a cartoon pastiche mixing Raymond Chandler with Arnold Schwarzenegger. A good read for sure, but Fascinated is little more than a ciever kid's screenplay.

As for gloom, Garry O'Connor paints a very unfunny portrait of John Donne in his imaginary memoir of the metaphysical poet, Campion's Ghost. The facts are that Donne was raised as a Catholic, gained fame as a voluptuHarry and 1959, 134 power. FASCINATED

CAMPION'S CHOST by Garry O'Connor

ary, and ended his career as a pillar of the Church of England. O'Conner, perhaps informed by his long associa-tion with the theatre, has the poet thumping across the stage as a maudiin penitent, haunted by the Tudors' brutal persecution of Catholicism, tormented by guilt. His is a regret which we are told was shared by Queen Elizabeth, whom wa meet in one unlikely scene seeking absolution from a dashing Jesuit priest who is meant to serve as a sort of alter ego to the sorry Donne.

There is a great deal of gallivanting about, miraculous rescues and the like, but the swashes in Campion's Ghost do not quite huckle. Donne the poet never really comes alive. We hear nothing, for example, of his foreign travels. And why is every Protestant brutish and cynical, every Catholic brave, sery and wise?

by R. K. Marayan by Miles Cibson ... mark £14.99, 245 tility to such modern horrors as divorce, the ordination of

conjure the quality of light.

Max Rodenbeck

Raw talent from a multi-ethnic world

RITAIN'S evolving multi-cultural society is not always the subject of admiration, but one of its positive elements is shown in the current show et the Barbican in London. Various potters of different ethnic origin have added stunning ingredients from their own backgrounds and cultures to a ceramic exhibition of 30 contemporary British artists, which takes its title from anthropologist Claude Lévi-Strauss's 1964 book The Row and the Cooked.

The show tries to prove that Art is Art is Art. Here we go again: that old chestnut, art v. craft. In our visual culture, hierarchical differences are firmly established - in art schools and in government departments doling out money - enhancing wrong-headed perceptions of art status.

The need to clear meaningless classification is now overdue. Thank you, Bernard Leach, for pushing the ceramic movement forward; thank you, Hans Coper, for veering off so magnificently into more sculptural forms. Now let us get on with the clay-moulders in Britain and stop slinking behind the rest of the world, decrying any clay work other than a teapot. If a person works with his/her hands holding e paint brush, a chisel or a clay tool - and produces something of quality and origi-

nality, he or she is an artist. This is the third exhibition organised by The Museum of Modern Art in Oxford, surveying British visual culture. MOMA's brief to the curators. Alison Britton and Marina Elon Salmon | Margetts, ruled out any overfly umbrellas with glimpses of

functional work, looking rather for diversa clay sculpture beyond utility: clay is here being looked at as an art material Britton (an esteemed potter) and Margetts (former editor of Crafts Magazine and writer) have sought out those doing interesting, innovative work today. The selection process naturally fashions themes, but the curators discarded this approach, nnt wanting to be

Preoccupetions clearly emerge. Non-western cultures - Chinese, Malaysian, Nigerian and Indian backgrounds - lean on a different civilisation from ours. Lawson Oyekan's huge,

Claire Frankel on a collection of ceramic sculptures

hand-huilt pots evoke memories of African landscapes, the clay wrapping around itself as it might enclose a family group. Consider how differently Ewen Henderson's structures approach landscape and memory with his irregular lava-like mixtures reminiscent of the moon's surface.

Pamela Leung, brought up in Hong Kong, has built a ceramic tiled wall mixing, as in a Chinese tale, reality and myth: a man's body with e hull's head rests on a table ahove a pot and a stringed instrument. Trupti Petel has stacked a tall nentagonal nillar with open niches, combining witticisms like feet and particularly interesting juxtaposed with sculptor Antony Gormlay's "Twenty-Four Hours", e dramatic march of 24 piodding figures in a single diagonal line, graduating from

2.3cm to 9m. Like Gormley, other British artists are also concerned with identity. Jacqueline Poncelet's large, undulating forms lean against the wall, their patterned, earth-coloured tattoos making them strangely approachable. "The objects", she writes in the catalogue, are 'simultaneously ugly and beautiful according to our belief in the normal." Tracey Heyes uses the Grecian-draped dress as a metaphor for repression: Grayson Perry makes confessional vases.

Artists, perbaps with the exception of the untutored, "outsider" artists, are grounded in tradition. This education is obvious in all the works, regardless of their sculptural forms.

Exhibition designer John Pawson must have been nervaus about breakege and/or theft. To install these three-dimensional pieces along an extended shelf against the wall is frustrating (a mirror might have helped), though somewhat mitigated by the fact that no glass separates the pot from the viewer. This is e show in which the interesting range and technical facility of the artists should swaken a sense of pride in an open-minded British audience

The Raw and the Cooked, Barhican Lower Gallery, London, until September 5, then to

high-flown soliloquy at staguitogi my advice." The Official London Theatre Guide Supplied by The Society of West Lad Theatre

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A priest in lust

HE ALLURE of sin and guilt for the fiction maker often goes with the notion that spiritual redemption follows expiation. Thus, the theme invitas situational cliches - as, for example, in John Corn-well's Stronge Gods, in which an ordained Jesuit priest - a high-flying whizzkid in the fund-raising branch of the organisatinn - has an affair with a young woman, which he enjoys not least because of its forbidden nature; crisis follows se love collides with the inflexthie demands of vocation. From this familiar setting,

> ST. JOSEPH'S HOSPICE Charly Ref. No. 231323)

"God's nobility" was how our foundress described the dying poor of long ago. The poverty has decilned but the sick and the suffering are with us always. So is your inspiring support in these anxious times. May God reward you for your प्रोक्त हार्केड

Shaer Superior.

STRANGE GODS by John Cornwell Simon & Schuster £14.99, 262

THE GARDEN OF EARTHLY DELIGHTS by Nicholas Salaman

HarperCollins £14.99, 465 pages

however, the story, and the moral direction, develop in quite unexpected ways. Having got Jill pregnant, Nicholas Mullen decides to decamp on a mission in Peru rather than give up his vocation and do the right thing hy Jill. Before that, over an expensive meal, he tries to touch a wealthy benefactor for a tidy sum for sill

and her unborn baby. He gets his come uppance along with a lecture on hypocrisy. So, obsessed with sex, filled with guilt and self-loathing, and disillusioned with the world, Mullen arrives in Peru to work with Father Christian O'Rourke in the fever-infested rain forests. The zealous O'Rourke is e charismatic character with a reputation of Loyola and Mother Teresa rolled into one. That too turns out to be an illusion. But from the strange contest between Christianity as wielded by O'Rourke, and the native religion of the local Amerindians, Mullen's own mural develop-

ment begins. Having lost against the gods of the Mekroti tribe. O'Rourke's mission is brought to a grisly end by the political god of the Shining Path terrorists. The story is often gripping and well-told. Nicholas Salaman explores

sin, guilt and the vision of Hell in The Garden of Earthly Delights, based on the life of the 16th century Dutch painter Hieronymus Bosch and his apprentice, Julius. The Master is commissioned by an esoteric order headed by an enigmatic Jew to paint the eponymous Garden but dies before finish-ing the painting. The task of completing Hell is left to Julius, who has suffered the torments of lust and doubt and has been rushed into a loveless marriage to a coarse Millenialist who turns out to be his

half-sister. The couple move to a town in Germany, where Hell and all its concomitants are played out in reality to an apocalyptic denonement. There is a lot to be said for a well-researched. historical novel with an exciting setting and on this count Salaman scores highly - the main backdrop is the millen-nial fervour of the Anabaptist cult, and he has used Norman Cohn's classic The Pursuit of the Millennium to good effect.

distant places – is now hearing the last of its 24th Kuhmo Chamber Music Festival. There

the cellist Seppo Kimanen

founded it in 1970; his keen

This year's festival, however,

places. Kuhmo town is after all

ished just days hefore the cur-

modest marvel of practical

Canny finagling by Kimanen

20,000 is eotitled to a nation-

ally funded music-school (yes!),

Kuhmo town has only 13,000-

plus. Its case surely rested

upon the ever-growing festival,

a vision of what an Arts Centre

might bring to the town and region, and a plan of intensive

music-teaching for the wider

Kuhmo area, A part of the cen-

tre will be the quarters of the

new music-school: and if the

main concert hall seats fewer

than 700 people (albeit in

roomy comfort), it boasts a

stage large enough to accom-

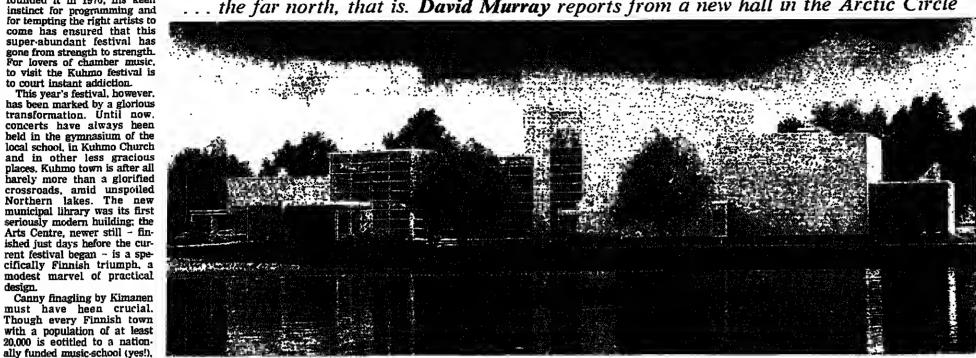
tic, a very small Finnish town - with

many visitors from

Kuhmo Festival

Chamber music in the north

the far north, that is. David Murray reports from a new hall in the Arctic Circle



novelist Tim O'Grady's look

at young Americans; alas, I

could hear only one of them,

a delightful half-hour about

Nancy Lemann on Tuesday.

In New York, and she

She is a Southern writer living

stimulated great conversation

Tuesday was a repeat of Piers

Desire, an unusual view of New

Alexander, Radio 4's Classic

about "the old verities" that

include basehall. Also on

Piowright's A Bus Named

Orleans of which I wrote

enthusiastically when it was

last broadcast, and which I

enjoyed as much this time.

Serial, is as exciting as ever.

Crane) makes an unauthorised

restive Bucephalos, then grows

The boy Alexander (Simon

trip to Olympus, tames the

up enough (now played by

Philip's absence, and to be

advised by him to go after

women and get himself a son.

Michael Maloney) to be

appointed regent during

Splendid stuff.

ft is beautiful. The external silhouette - music-school, auditorium with sloping roof, the backstage extension - is unshowily elegant, not grandiose. Inside, the foyer is coolly airy and lofty (clean lines, dovetailed stone and wood), with a luminous view of the Lammasjärvi lake, pines and silvery willows heyond its modate a full orchestra, or any great glass wall. The Lentua

concert hall, however, is all of blond Kainuu pinewood - the stage, the house, the seats and it glows, in moulded curves and walls of vertical

The ceiling is ornamented with what look like up-ended, dozen-legged stools (a deliberately homely touch), and with starry clusters of tiny lights hung in the pattern of the Great Bear. The acoustic is

make sufficient use of it, outwarm, lively, Intimate and lucid, flatter-strings and side the two-week Music Festivoices: nothing is ever so good val. I fancy, though, that in as wood. Altogether, this must two or three years Kuhmo will be one of the friendliest and wonder how it ever managed without it. This a slight humidmost successful concert balls lty problem still: from time to in Europe. There is a smaller Pajakka hall too, and a dance time a concert would he puncstudio. (Architect, Matti Heiktuated hy a dry, woody crack! kinen; acoustician Alpo but we were assured that nothing will fall down.

It remains to be seen That was particularly noticeable in the new Icelandic whether the town can really

music (expounded by native devotees), for much of it kept falling into long, mortified silences: one had always supposed that life in Iceland would be like that. The newer the music, the more "intuitive" and formally exiguous it seemed, with an air of introspective melancholy. I was most taken with the revolving patterns and folk-dance rhythms of Karólina Eiríksdót-

tir's mixed-quartet Renku. Among rediscoveries, the Petersen Quartet from Berlin brought a delectably witty Five Movements by Erwin Schul-hoff, a Czech Jew who died in a concentration camp. A string quartet hy the Swedish com-poser Laura Valhorg Aulin (1860-1928) was gracefully appealing; hut an A minor piano quintet - same instru-ments as Schubert's "Trout" hy the Parisian Louise Farrenc (1804-75) made a great impression. Well-crafted and finely sonorous, with a hyper-active piano part, it belongs to a very substantial oeuvre: f hope that someona may even now be copying out the parts for one of her three unpublished symphonies. Musical feminists have a

Last year the festival added an "International Forum of Young Violinists" to its menu, and the 20-year-old Armenian Nikolai Madoyan reappeared now to display a truly sensational technique (he and Maxim Vengerov had the same teacher). This year it was the turn of young pianists. missed a much-praised recital by 15-year-old Albert Kim, but heard two astonishing 12-year-

composer worth championing

From Kazakhstan came Dasha Rabotkina to play a recital including Schumann's Faschingsschwank and several of her own compositions with unwinking musicianship and aplomb. As for little Jonathan Gilad from Marseilles, his calm maturity in Mozart and Schubert was uncanny, and the breadth and power of his Brahms - the "Handel" Variations & Fugue, no less -scarcely credible. There must be a prodigious career in the

David Murray

Proms from Wales N SEPTEMBER the BBC Welsh Symphony Orches

tra changes its name to the BBC National Orchestra of Wales. The ingredients of the title may be the same, but the subtle shift in emphasis underlines the orchestra's enhanced status and the fact that the BBC is not its only source of finance.

At the moment the future for several of the BBC crchestras looks uncertain. (Pessi-mists say that the bottom line Orchestra, the flagship, which could be dire news for the res of the fleet.) But the BBC Weish SO has manoeuvred itself into a strong position active local support, funding from the Weish Aris Council and SC4, a territory over which it reigns supreme, a hall of its own at St. David's in Cardiff

More important - it plays as if it has confidence in itself. The orchestra's visit to the Proms at London's Albert Hall for two concerts this week could hardly have been a better advertisement for the high standards to which it now aspires. Although it has only been at full permanent strength of 90 musicians since 1987, there is an unanimity about the way they play that auggests a well-knit ensemble, keenly rehearsed by their Principal Conductor, Tadaaki

Otaka. The performances were not self-regardingly glamorous, or virtuoso displays. What they had was discipline. This amounted to more than just being tidy, as Strages's Don Juan, a characterful opening to Tuesday's concert, announced from the outset. Grieg's Piano Concerto, with Martin Roscoe the very able soloist, was much the same -not grand, not bombestic, but every note came across as though the work had: been thought about afresh.

Otaka's views on the music of William Walton were clearly going to be both fresh and worthwhile. (Has there ever been a Japanese conductor of the First Symphony before?) Any amount of detail was fastidiously put in place. Havel, rather than Stravinsky. seemed to be an inspiration for the music, so exquisite was the slow movement: but the finale did ultimately rise to an resounding conclusion.

The second concert comprised just one work: Mahler's 🤼 Sixth Symphony: If there is one criticism of Otaka, it is that he expresses himself in neat clauses and sentences rather than paragraphs, which robbed both the Walton and the Mahler of some of their long-term intensity. But for precision of playing, clarity of focus, the Mahler was another performance which hit the

It is difficult to recognise in these two programmes tha orchestra as it used to perform 10 or 15 years ago. The BBC Weish SO has started undertaking international tours (Germany and the US planned for 1994) and is well on the way to becoming an impressive cultural ambassador.

Radio / B.A. Young

A Stone's view of success

THE 50th hirthday of Rolling Stone Mick Jagger might seem trivial to frivolous people hut he is, rightly or wrongly, among the most famous of living men. Unexpectedly, the BBC celebrated the date on Radio 2, where song comes usually from different sources. It was a good feature they gave us, produced by Peter Aston, part hlography, part sociology, not too much music.

Clearly, Jagger's success has come from his own effort, not from outside coaching (unless yon include his manager, Andrew Loog Oldham). His family he rates as bourgeois; he was hright enough at school to pass into the London School of Economics ("really boring"). He had no moral convictions as a young man: "I've got my own morals." in 1967, he got three months for a drug offence, a sentence that William Rees-Mogg, then editing The Times, condemned.

He sang because that was what people were doing; his style is due to his love of "the theatre of it." With success. he is socially ambilious, with

His accent has gone up or down, probably with no personal design. Mary

Whitehouse says she "got on well with him." Philip Stone, compiler of the programme, says he speaks good French, is cautious with money, friendly with children, weeps easily under stress. "A knighthood, OK? Don't want a life peerage." I wish him another 50 years but won't be buying his records.

The World Service is doing a four-part series on The Slavs - sadly, not about the conflict in ex-Yugoslavia but about the historic and cultural elements of the Slav people There are more of these than we generally think; they stretch from the Baltic to the Pacific, from the Arctic to the Mediterranean.

Last week's programme was history; presenter Wanda Petrusewicz went back to the 6th century when the Slavs were peaceful farmers. comprising one-third of the European population. In the West were Roman Catholics.

in the East, Moslems, but most adhered to old polytheistic

Subsequent events increased the proportion of Christians. now generally divided hetween the Catholics and the Orthodox church. As we know, there are also Mosiems in Bosnia - in Bulgaria. too - although religion, as such, is not involved in the Bosnian disasters. Yesterday's programme dealt

with religion in more detail, with a specific cheer for the visit of the Slav Pope to Poland. Next Friday's programme is more relevant to our time, recalling the PanSlav movements of last century and Tito's aims in that direction, and considering the Slav nations' mutual relationships today after the decline in Europe of the Russlan influence: proud of being Slavs, inclined toward nationalism. The programme can he heard on the World Service at 0730, repeated at

Radio 3 ls giving more and more time to non-musical

year, which officially ends today, will not linger in the memory. It saw the main auction houses report a slight rise in sales, but any return to the heights of 1999-90 will be slow and tortumaterial, and this week has repeated some of last year's Sothehy's bas the greater programmes about the US. On four days, we had Irisb

cause for satisfaction. Its old competitor Christie's seemed to he driving remorselessly toward Sothehy's traditional, that is 19th century, saleroom dominance, but New-York hased Sothehy's, huilding on the slightly renewed business confidence in the US, was able to re-assert itself over its London rival.

HE 1992-93 art market

It achieved sales of £773m (\$1.2hn), a rise of 20 per cent in sterling terms (but only 4 per cent in the more relevant dollars) as against the £683m (\$1.06bn) turnover at Christie's (a gain of 16 per cent in sterling and 1 per cent in dollars). So the gap between the two has widened again.

This is a small consolation when set against both auction houses' sales in the rogue record year of 1989-90 when Sotheby's registered a turnover of £1.96bn and Christie's £1.46bn. At both sales are less than half those of that onnus mirabilis when, for sometimes financially duhious reasons, huyers, the Japanese in particular, displayed an insatiable just for works hy Van Gogh, Renoir, and other Impressionists, leading to the highest price ever paid for a picture of \$82.5m, for a Van Gogh.

But the steady-as-she-goes improvement in sales this season, the first upward movement for three years, was not without incident. For Christie's things could have been oh, so much better, if the highest bid in London during the season. dealer Edgar Mannheimer for an early 19th century calculator, had proved real.

For a happy week or so Christie's believed it had pulled off a coup, for the calcula-tor had only been estimated to sell for £15,000 or so. But then the money was not forthcomlng and Christie's had to decide whether it was the victim of a hoax or whether Mannheimer had completely misread the mind of a prospective collector. The real victim is the vendor who went on holiday to celebrate his unexpected windfall and is now being placated

The most encouraging feature of the season was the return of large hidders for post-Impressionist pictures. The summer sales in London and New York did well. Buyers are still selective and dealers lack the cash and the confidence to acquire stock, but topquality paintings are selling again. Sotbehy's was amazed when it sold a Cèzanne for a record \$28.6m and a Matisse for \$14.3min its May sale in New York. Such deals should bring out other masterpieces which owners have been reluctant to risk on the market.

London could not match that hut Christie's achieved the highest price in the UK this

Chess No 985: 1 Bb5 (threat 2 Bc4 and 3 Ra2) Rxb5 2 Rxa4+ Kxa4 3

Off the Wall/Antony Thorncroft

Brighter picture

season when it sold a typical Renoir portrait of a pretty girl for £5.72m. The picture had sold in the feverish market of 1987 for £2.9m. Its surprise early re-sale at a much higher figure suggested that the Japanese were returning.
The second highest price of

the year in the UK was paid at the Bond Street dealers, Noortman, when a continental collector gave around £5.5m for a De Hooch scene of a courtyard in Delft. Noortman had bough the painting at Christie's in December for £4.4m, slightly below its estimate. Christle's was relieved to sell It for the child in the painting had an unattractive face. Another cleaning improved her appear-

ance - and the work's value. in spite of expectations Old Master paintings did not become the rival, and succes-sor, to the Impressionists. They cannot shake off problems of condition, attribution, and ohscurity. Fortunately, the Getty Museum of Malihu still has its mighty cheque hook and bought the other main Old Masters on offer, a Goya hullfighting scene for £4.95m, a Michalangelo drawing for

£4.2m and a Caspar Friedrich romantic landscape for £2.3m. In the main the finest and rarest objects sold while the mundane were passed over. By persuading vendors to reduce their reserves Sothehy's and Christie's marginally improved

MINERVA

THEATRE

ONLY UNTIL

7 AUGUST

Don't Miss The

Minerva Thriller

ROPE

by Patrick Hamilton

'Deliciously

creepy

tion to 80 per cent of lots on offer. There were disappointments. Christie's expected to set a record price for a miniature when it offered a double portrait of Thomas Cromwell by Hans Holbein, but this was sunk hy doubts about the Hol-

bein link. Jewels remain a firm market and top quality English furniture and silver were solid. Victorian art enjoyed a revival.

in line with the US and UK economies; two steps forward then one step back. Didi Brooks, chief executive of Sotheby's America says: "The trend is getting hetter at a fairly gentle pace". David Tyler, financial director for Christie's, sees "a slow consoli-

better properties. Sotheny's can look forward to another multi-million pound clear out from the castles of the Princes of Thurn and Taxis. Christie's is handling the sales of the art of the late Rudolf Nureyev. The other UK salerooms

As confidence returns so will

carry on the struggle. Phillips, with its concentration on the middle market, has been hit by the reluctance of people to move house and sell the contents. Its turnover fell slightly from £85.3m to £79.6m, but Bonhams hucked the trend and raised sales 27 per cent to a record £27.9m.

4 AUGUST - 2 OCTOBER

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PRUNELLA SCALES

ISLA BLAIR

FRANK LAZARUS

bull's eye.

Richard Fairman

THE BBC PROMS. CONCERTOS, SYMPHONIES AND **MASSES** OF LIVE MUSIC.

AUGUST Live from the Royal Albert Hall MONDAY 2ND - 7.30PM

BACH

•

Brandenburg Concerto No. 2 in Fimajor Concerto for Violin and Oboe in Clinmor, 8VV 1050 Brandenburg Concerto No. 3 in Ginason Harpsichord Concerto in Finning, 8WV 1056 Brandenburg Concerto No. 5 in Dimajor The Hanover Band - Anthony Halstead director/harpsubond

WEDNESDAY 4TH - 7.10PM HENRYK GÖRECKI **PROKOFIEV**

ony filo 3 in E flat major 'Eroica' – Anthony Harwood violati BBC Scottish Symphon, Orchestra - Jerzy Maks, mid-conductor

ROSSINI WOLF **STRAUSS** ROBERT SAXTON

MENDELSSOHN emphore No. 4 in A Italian City of Landon Sinfonia - Richard History connector

TUNE IN TO RADIO 3 AND YOU'RE THERE. 90-2-92-4 FM





12 Nxc4 b5! 13 Nc3 bxc4 14

dxc6 Rxb2 15 Qc1 Rb8 16 Bxe4

Qe7 17 Bg2 Qe5! White has to

improvise to avoid material

already installed as the match

loss, and Black's c4 pawn is

18 Rb1 Rxb1 19 Nxb1 Be6 20

Nd2 c3 21 Ne4 Bf5 22 f4 Qa5 23

Rd1 Rb8 24 b4 Qa4! 25 Nc5

Qxd1+ The logical tactic cre-

ated by his earlier play. 26

Qxd1 c2 27 Qd2 Rb1+ 29

No 985

White mates in three moves,

against any defence (by N

Mironenko). This looks easy.

Leonard Barden

but two masters took over 3

Solution Page XVIII

咒

CHESS

material.

winner.

Resigns

BRITAIN'S Michael Adams is

Adams, 21, became the main

western-born hope against a

flock of former Soviets when

he defeated world No 4 Vladi-

Steinitz, the first world

champion, once recommended

as a winning recipe: "Stall,

stall, and stall some more.

Your opponent is sure to get

Following this advice, Adams set up a solid position

as Black, shuffled his pieces on

the back rows and waited until

Kramnik impatiently launched

his king's side pawns in a

kamikaze attack. Then Adams

exchanged pieces, infiltrated

his queen into the gaps caused

by Kramnik's advance, and

tacking skills achieved the rare

feat of queening a pawn in the

middle game (D Gurevich,

White; M Adams, Black; Cata-

lan Opening; Biel 1993). 1 d4 Nf6 2 c4 e6 3 g3 d5 4

Bg2 dxc4 5 Nf3 5 Qa4+ and 6

Qxc4 is simplest. Nc6 6 0-0?

Rb8! 7 Bg5 Be7 8 e3 0-0 9 Nfd2

e5! 10 Bxf6 Bxf6 11 d5 e4! So

gobbled up White's pawns. Earlier, Adams's counter-at-

an idea. It will be bad, and you

mir Kramnik

will win."

poised to qualify as a Fide

TELEVISION

BBC1

7.00 Codinx Pages, 7.25 News, 7.26 Pinocchio, 7.20 The All-New Popoye Store, 8.10 McGee and Mr. 2.05 Peter Pan and the Pinates, 9.00 Parallel 9.

-

Hartes Film: The Bugs Bunsty/Road
Hatner Movie. A completion of
classic Warner Bros carbons (1976).

12.27 Weather.

12.30 Grandstand, Introduced by Steve
Rider, Including at 12.35 Diving:
European Championships from Sheffield's Ponds Forge, 1.00 News, 1.05
Diving, 1.30 Motor Racing: Pounds

Diving, 1.30 Motor Racing: Rounds nine and 10 of the British Touring Car Championship at Knockhill, Scotland. 1.50 Racing from Good-wood: The 2.00 Vodatone Condiwood: The 2.00 Vodafone Condi-flore Stakes, 2.10 Diving, 2.30 Recing: The 2.40 Vodafone Nassau Stakes, 2.50 Diving, 3.05 Recing: The 3.15 Vodac Stawards' Cup Hendicap Stakes, 3.25 Goff: The US Women's Open from Carmel, Indi-stant 4.15 Supplemental Carmel, Indi-stant 4.15 Supplemental Carmel, Indiana. 4.15 Synchronised Swimming

Final: European Championships from Shelfield's Ponds Forge. Times may 5.00 News.
5.10 Regional News and Sport.
5.15 Stay Tooned: Tom and Jerry - The Movis. The making of the new film starting the cat-and-mouse duo.
5.55 Film Dad's Army. Arthur Lowe leads the Home Guard of Walmington-on-See through a series of comic misadventures (1971).
7.30 Open All Hours. Corres elso.

come missoventures (19/1).

7.30 Open All Hours. Comer shop comedy, starting Ronnie Barker.

8.00 Elirde of a Festiver. Tracey unearths a dark secret from husband Darry's past while sorting out jumble for a car boot sale. Linda Robson stars.

a.to The House of Eliott. Bea suspects jack of having an affair with an actress and moves in with Evis. Further complications arise when the General Strike of 1926 provokes unrest in the workmom, leaving the sisters in an awkward situation as they struggle to complete their next col-Jection.
8.25 News and Sport; Weather.
8.45 Sportder. The Georgle detective is fee from enthusiastic when he's given the job of protecting a glamor-

ous political candidate.

10.40 Film: The French Connection. Pame the French Connection.

Powerful thrilter, starring Gene Hackman in an Occar-whining performance as a tough New York coptaing unorthodox methods to break a drugs ring (1971).

12.20 Film Dying Room Only, Taut drama, starring Cloris Leachman (TVM 1973).

BBC1

7.00 Coefex Pages. 1.30 Wiz Bang. 1.60 Pigeon Street, 7.55 Pleydays, 8.15 Breakfast with Front, 9.15 Getting Through. 9.30 This is the Day: 16.06 See Heart 10.30 Firm: Walds of the Red Whoth.

1.16 Firsty and the Handerspee, Nation's bottler pays a vielt — and complet has a ring self; flerry three ring Bruce Devisor.

1.36 Seven Sphelberg's America Startes. Tales of the bizarre, beginning

stars in this second to the filt musical as the leader of the Pick Ladies who

English boy (Masses Coulfield) (1982). The Filmestones, Stone Age cartoon

6.16 Liteline. 8.36 Curloon. 8.30 Superdogs. South West v the Mid-lends in the first semi-final.

4.25 Statemer Praise. 7.80 Last of the Summer Wine. The

OAP trip ponder the advantages of keeping fit.
7.30 As Time Goes By, Romentic com-edy, starring Geoffrey Palmer and Judi Denoh.

8.00 Stratibleir, Robert confronts a gang of motorcyclista who offend his grandiather with their unruly behav-iour, Andrew and Flora make a

8.86 Heave and Weather.
9.06 Reentals, Part one. A murder case creates headaches for the unconventional detective (Tom Wilkinson) when the investigation puts a strain

on his complex personal life.

10.30 Everymen. Prolife of Dot Burrows,
the warden at a hostel for young

11.10 The Train Now Departing. Steem

trains of the late of Man.

11.40 Filtre A Fine Meditees. Seen
Connery stars in this settical comedy shout an outspoken post who
decides upon a drastic course of

1.26 Weather.

1.85 Close.

action to find somewhere peaceful

shocking discovery on their return home, and Jenny takes her visiting parents to explore the beauty of the Parth countryside.

C10 News.

1.00 Neurs. 1.03 Cartoon Double Bill.

with the eloy of a young men hamped by his deed grandlether. 2.09 EastEnders. 3.09 First Greens R. Michelle Pfeiffer.

12.10 Wilderneam is Not a Place. 12.30 Sanitaly Grandeband, Today's

12.50 CountryFile.

12.56 Westher for the Week Aleged.

T.OG

1.35 Close.

BBC2 6.40 Open University.

The second secon

a see a

3.00 Films Queen of the Stardust Ballroom. A lonely widow becomes : estranged from her family after fall-ing for a married men. Moving drame, starring Maureen Stapleton

ing for a married men. Moving drame, starring Maureen Stapleton (IVM 1975).

4.35 Film: Space Reiders. Attacting aliens steel a space ship and mistakenly kidnap a young stowaway. Engaging SF, starting David Mendenhall and Vince Edwards (1983).

5.55 Smell Objects of Dealirs. Weathermen Michael Fish chronicles the history of the fish figure.

tory of the fish finger.

Sweet Toronto. Documentary of the 1969 Toronto Pesce Festival, featur-ing John Lennon, Chuck Berry, Jarry 6-15 S Les Lewis and Little Richard.

7.15 A Picture of Health? The challenge to medical science posed by Tourette's syndrome.
7.45 News and Sport, Weather.
a.00 Rhythma of the World. The history

Pilhythma of the World. The history of the bosta nova, which originated in Brazil in the early 1900s and has influenced performers as diverse as firank Sinatra, Miles Devica, Sinead O'Connor and Bob Dylan. The programme features performances by the originators of the flythm, who were reunited for two special concerts in 1992.

The Wesford Trillogy, First of a three-part drama. A fast-liming gambler causes a stir when he returns to his home town in Ireland: Based on Billy Roche's award-winning theath-

9.00 Billy Roche's award-winning theath cal productions, and starring Llam Cumpingham and Darvia Kinwan. 10.25 Teenage Diaries. A video insight into the background of two young

and the designated of two young Portuguese boys who make their liv-ing playing music in the dubs and cales of south London. For 13-year-old David and 15-year-old Valter, their musical opportunities in Lon-don are frustrated by an annoying requirement to ethered school requirement to attend school

requirement to attend school.

Film: Moveleur Hira. An elderly
peoping ton's obsession with his
attractive neighbour leads to intrigue
and murder. Gloomy drama, based on a novel by Georges Simenon, starring Michel Blanc and Sandrine Bonnaire (1989) (English substities).

12.30 On the Air. A television quiz show takes an unexpected turn when a brilliant professor is challenged by a member of the public to a bettle of breate, second part of the coment.

brains. Second part of the comedy from the makers of Twin Peaks, standing Miguel Fearer and lan 1.00 Close.

BBC2

; 3.40 Open University. 3.30 Teerings Matent Hero Torties. 5.30 Jonny Briggs. 8.50 System 93, 10.16 Pagenta. 30.40 Gainings 188. 11.05 FOT. 11.25 White's That Molecy 11.55 The O Zope, 12.10 pm Glivery and Study in an Musica.

him This women's one metre spring-troops and in the European Chamiltonings from Ponde Forge.

Shanginoshipa zonii Fonde Forge, Shalinid, 1,05 bintor Cycling: The British Grand Pix from Donington. Three-Smes would chemplon Wayne Fluinty and Taxon Kevin Schwardz

pace, 2.10 Diving, 2.30 Showlump-ing: Contempe of the individual final by the European Championalips, from Olion, Spekt, Stephan Hadley, and Michael Tucker commentate.

4.15 Motor Cycling, 5.05 Synchron-

ised Sekraping: The dust competition from Sheffield's Ponds Forge.
5.40 Moho: Orchog. Times may vary.
Rough Guide to the World's
Islands Update. This repeat of the
cult travelogue series, Magenta De
Vice and Rejan Datar visit New Zee-

. land, where they kweetigate Maori culture. They also explore sports-ob-sessed Auckland, tour Queenstown

gain best advantage from the power

7.50 The Prize. Tonight's programme examines the battle for all supremacy after second world war, as companies and governments strove to

in their grasp.

8.48 Summer Derica. The Houston Saliet performs two places by British-born characteristics.

cal struggles set to the music of South America.

9.50 Moviedrome. Alex Cox introduces

the first of tonight's cult films.

9.55 Film: Django. A stranger falls foul of Maxican troops when he interverses in their war with the American army. Action-packed Italian Western, star-

ring Franco Nero and Loredena Nus-ciak (1966). 11.30 Moviedrome. The second Sim of the

evening is previoused. Films Orim Prairie Tales. Quartet of

Western horror stories, including those of a cowboy buried alive by indians, and a gunstinger teamted by one of his victims. Starring James Earl Jones, Brad Douril, Merc McClure and Lisa Elothorn (1990).

Journey, a tribute to Danish belief dencer Erik Bruhn, and Ghost Dances, a portrayal of Chile's politi-

so their rivalry in the 500cc

SATURDAY LWT

8.00 GMTV: 8.25 Gimme 5. 11.20 The ITV Charl. Show, 12.30 pm Opening Shot.

1.00 ITN News: Weather 1.05 London Today; Weather.
1.10 Movies, Garnes and Videos. A review of Arnold Schwarzenegger in

The Last Action Hero. 1.40 Soccer: International Tournament. Second-half action from Chelsea v Ajac, full coverage of Tottenham
Hotspur v Lazio, Pre-sessan tournament which brings Paul Gascoigne,
of Lazio, and Glenn Hoddle, the new
Chelsea manager, back to White

Hart Lane. 4.45 (TN News; Weather. 5.00 London Today; Weather. 5.10 MecGyver. The adventurer visits an

old flame and discovers she is in serious trouble. What You Lookin' At? The gang holds a disco - but who will pertner the flat-footed Trevor?

Beadle's About, Jokes galore with ace TV trickster Jeremy Besdie, including a woman who finds her car undergoing a strange MCT.

7.00 The Best of Tommy Cooper, Eric Sylves joins the fez-wearing comic, who demonstrates his acrobatic skill

7.30 The Upper Hand. Charlie faces continued heartache as Caroline's estranged husband (Nicky Hanson) causes triction in the Wheatley

8.00 The BBL Pc Garfield faces the music The Bis. PC demisio races the line after a timid teacher compleins about a third escaping police custody. 8.30 London's Burning. A new recruit

(Samentha Beckinsale) Joins Blue Watch and is forced to deal with timwelcome advances from Colin Parrieth (Stephen North) – and risk her life during a hazardous chemical

9.30 ITN News; Weather. 9.46 London Wasther.
9.50 Taggart Violent Delights. The mysterious death of an undertaker prompts Taggart and Jardine (Mark McMarus and James Macpherson)

to investigate. 11.20 Film: McCloud: 42nd Street Cawairy. The urban cowboy rides the streets of Menhattan in search of a cop killer. Dennis Weaver stars.

1.10 The Big E. 2.10 Get Stuffed; ITN News Headlines. 2.15 ft's Bizarre. 2.10 Get Stuffed; ITN News Headlines. 3.18 New Music

4.15 Rock Sport. 4.36 BPML; Night Shift.

SUNDAY

8.00 GMTV, 9.25 Heici, 9.60 The Littlest Hoto., 10,15 The Mountain Etsa Show, 10.45 Link, 11,00 Mostling Worship, 12.00 Life and Sout, 12.30 pm Cobblesiones, Cottages and Castles.

1.30 An Imitation to Remember British

distinguished career.

2.00 Highway, Harry Secombe continues his visit to North Yorkshire.

2.35 Secon: International Tournament.
The final of the four-team competi-

Lazio y Tottenham Hotsoye.

4.45 Athletics. Live coverage from the

high jumper Heite Henkel. 6,00 Loaden Tonight; Weather.

10.00 ITN News; Weather.

2.20 Cue the Music.

4.00 Night Heat. 5.00 Crusade in the Pacific.

8.20 ITN News; Weather. 6.30 Father Dowling Investigates. Sher-

lack Holmes teams up with the devout detective.

wents a beby. His problems multiply when ex-wife Liza begins an affair. Agathe Christie: One, Two, Buckle

My Shoe. Beiglan detective Hercula Poirot sets out to extract vital infor-

mation about the murder of a dentist. Whodurnit, starring David Suchet and Philip Jackson.

10.15 London Weather.

10.20 Over the Reinbow. Would-be music promoters Nei and Spence make their first ettempts at managing First's group – will the duo hit the

big time? Kinnock: The Inside Story. The

the Opposition during 1968.

11.40 Firm: The Ryan White Story, Drama based on the true story of a teenage haemophiliac's fight to be elicwed back to school after contracting Aids. Lukas Haas stars (TVM 1969).

1.26 Island Son.

3.20 Get Stuffed; ITN News Headlines. 3.25 Extreme Asia. 3.65 Get Stuffed; ITN News Headlines.

former Labour leader recounts key events from 1987 to 1990, and reveals he almost duit as leader of

7.30 Second Thoughts. Bill is in a state of shock after Faith announces she

cornecty star Brian Rix recalls his

tion from White Hart Lane between the winners of Ajex v Chelses, and

Cologne Grand Prix, Germany, as Olympic 100m Champion Linford Christie competes against top Amer-ican sprinter Andre Cason, Also tak-

teat spatter Andre Cason, Also tak-ing part are Olympic 400m Champion Karin Young, long jump gold medalilat Mike Powell, on-form 110m hurder Colin Jackson and

LWT

1.00 ITN News: Weather.

1.06 London Today, Weather, 1.10 Cartnen Time.

CHANNEL4

6.00 Early Morning, 10.00 Trans World Sport, 11.00 Gaelic Garries, 12.00 Sumo, 12.30 pm Kasak (En-

1.00 Film: Bitthe Spirit. A novelist is shocked when the ghost of his first wile turns up to haunt him - and only he can see and hear her Adan. tation of Noel Coward's supernatural tantasy, staming Rex Harrison, Kay Hammond and Margaret Futherford (1945).

2.45 Dick Turpin - Highwayman. The truth behind the legend.

3.15 Racing from Newmarkst. Coverage of the 3.20 EBF Colman's Mustard Melden Stakes, 3.50 Robinson's Barley Water Handicap Stakes, 4.20 Colman's of Norwich Stakes (Nursery H'cap), and the 4.50 Ladbroke Handicap Stakes, introduced by Derek Thompson.

5.05 Brookside. 6.30 Opening Shot. A look at the Royal Ballet, featuring one of its star balle-rinas Darcey Bussell in excerpts from Swan Lake and Mayering, and a report on the company's new project, A Chanca to Dance, which offers underprivileged children the opportunity to become dancers.

8.00 Best of Cutting Edge. The story of Dublin contractor Billy Dumne, who mysteriously went missing in 1987, leaving behind a wifa and 10 children. The film traces his family's five-year search for him, and includes an epilogue showing how he was finally traced.

The World This Week, News Sum-

9.00 Traffik, Jack returns from Pakistan to discover Caroline has disap-peared. While Fazel languishes in prison. Ulf believes he has uncovered Helen's smuggling route. Final episode of the drama, starring Bill Paterson and Lindsay Duncan

10.20 The Big One. Deddy is at her with end over James' obsession with tid-ness and resolves to throw him out. But she has a change of heart when she discovers his work has received a panning. Comedy, starting Mike McShane and Sandi Toksvig.

10.50 Film: Hyenes. A wealthy woman returns to her arreal home village and offers the penniless residents a fortune – on condition they execute the former lover who betrayed her. Melodramatic adaptation of Friedrich Durrenmatt's classic play The Visit, starting Ami Diakhate (1992). 12.55 Ninki Nanka, The Prince of

1.50 Close.

CHANNEL4

12.45 Film: Carnelot. The Knights of the

4.25 The Christians, Bamber Gascoign

5.30 Hypnosis. An interview with Monle Love, and a look at the influence of

6.00 The Real World. The girls' dreams come true when they are offered a

the gay club scene.

free trip to Jamaica.

T.00 Sound Stuff: Antonin Dyorak French musicologist Guy Ersemann presents the conclusion of the film

8.00 Opinions. The start of a week of

8.30 Frontline. Journalist of the Year

10.50 Out of Africa, Zeinab Badawi

11.55 Artists for Bosnia, Classic

extract from Manon.

1.50 Close.

5.25 News Summery.

Round Table musical, starring Richard Harris, as King Arthur. (1967)

Orchestral Dudley Moore and Sir

Georg Solti look at the role of the

narrates the story of the Jesuits.

who sceameaded the Counter Ref-

ormation. Shown previously on ITV.

portrait assessing the life and work of the Czech composer.

investor and speculator George Soros condemns Western govern-

Maggie O'Kane charts Slobodan

9.00 Film: A Funny Thing Happened on the Way to the Forum, Bawdy farce based on the hit Broadway musical,

Milosevic's rise to power in Serbla.

starring Zero Mostel as a conniving searing cero moster as a contriving slave trying to win his freedom in ancient Rome. With Phil Salvers, Michael Hordem, Jack Gilford and Michael Crawford (1986).

concludes the series of discussions on the future of Africa with a look at

performances and appeals for finan-cial help on behalf of the Bosnian

refugees, beginning with Zoltan Solymost and Sylvie Guitlem in an

Chillese Dusinessive in a shorter to discover things have changed in her native village. Drama, starring Josephine Koc (1884). (English subti-

SUNDAY

12.10 Film: Homecoming. A sophisticated Chinese businesswoman is shocked

the economic crists plaguing the

ments for not intervening in the con-

REGIONS

ITY REGIONS AS LONDON EXCEPT AT THE

ANGLIA: 12.30 Movies, Games and Videos. 1.05 Angli

12.30 Moves, Games and Videos. 1.05 Border News. 1.10 Success in Cycles. 1.40 Flun, Simon, Run. (TVM 1970) 3.05 The A-Team. 4.00 Superstars of Wrestling. 5.00 Border News and Weather 11.25 Summer Dreams: The Story of the Seach Boys. (TVM 1990)

GRAMPIAN: 12:30 Cruinne-Co. 1.05 Grampian Headlines 1.10 Teleflos. 1.40 Torras Tolleach 'S A Charaidean.

HTV:
12.30 Movies, Gemes and Victors, 1.05 HTV News,
1.10 Nigol Mansell's IndyCar '93, 1.40 The Mountain Bike Show, 2.10 McCloud: This Muss be the
Alamo, 2.50 Boywatch, 5.00 HTV News, 8.45 HTV
Weather, 11.25 Summer Dreams: The Story of the Beach Boys. (TVM 1990)

MESPITELAM: 12.30 The Muneters Today, 1.05 Maridian News. 1.10 Nigel Mansell's IndyCar '93, 1.40 The Moun-tain Bitle Show, 2.10 Vanishing Act. (TVM 1986) 4.00 WCW Worldwide Wnestling, 5.00 Meridian News, 11.20 Dadah is Death.

News. 11.20 Datish is Death. SCOTTISH: 12.30 Monres, Games and Videos. 1.05 Scottand Today. 1.10 Telefos. 1.40 Abair Sporal 2.10 Animal Country. 2.40 Carloon Tima. 2.50 Beau James. 1957) 5.00 Scottand Today S.10 Carloon Time. 5.30 Fortastic Facts. 9.45 Scottish Weather. 11.20

5.30 Fortisetic Facts. 9.45 Scottish Weather. 11.20 Love Among Trieves. (TVM 1967) WESTGOURTHY: 12.30 Movies, Genter and Virios. 1.05 Westcountry Weekand Latest. 1.10 Like Faither, Like Son. 2.00 Intantiol Europea. (TVM 1968) 2.45 Nigel Monsel's IndyCar 193. 4.15 The Mountain Bible Show. 5.00 Westcountry Weekand Latest. 11.25 Summer Dreams: The Story of the Beach Boys. (TVM 1990) VORKSHIBE:

YORKSHIPE: 12.30 Movies, Games and Videos, 1.05 Calendar News, 1.10 Champions, 5.00 Calendar News, 11.20 Bang the Drum Slowly, (1973)

world title candidate this weekend after a run of five successive wins at the Biel inter-zonal

News. 1.10 Nigel Mansell's indyCar '83, 5.00 Anglia Mews and Sport 5.10 Cartoon. 5.15 Beywalch. 8.45 Anglia Weather. 11.25 Summer Dreams: The Story of the Beach Boys. (TVM 1930)

CENTRAL:
12.30 Movies, Games and Videos. 1.05 Central News 1.10 COPS. 1.35 Nigel Mansel's IndyCer '83. 2.05 Wheels in Sport. 2.35 The Muntaria Today. 3.09 The A-Team. 3.50 Centron Time, 4.00 WCW

3.00 The A-Tearn 3.59 Certoon Time, 4.00 WCM Worldwide Wrestfine, 5.00 Certool News 9.45 Local Weather, 11.20 The Cops and Robin, (TVM 1976) CHANNEZ:
12.30 The Mansters Today, 1.05 Channel Disry, 1.10 Nigel Mangell's IndyCar '93, 1.40 The Mountain Bike Show, 2.10 Vanishing Act, (TVM 1984) 4.00 WCW Worldwide Wrestling, 8.00 Channel News, 5.05 Puffin's Pla(joe, 11.20 Dadah is Death, CRAMSWA M.

Teleflos. 1.40 Tomas Toltasch 'S A Charaidean, 1.45 Polica News. 1.50 Movies, Games and Videos, 1.20 Ngb Mersedit IndyCar '63. 2.50 The ATeam. 4.00 WCW Worldwide Wrestling. 5.00 Grampian Headlines 6.05 Grampian News Review. 9.45 Grampian Westling. 5.00 Grampian Headlines 6.05 Grampian Description Westling. 1.25 Summer Dreams: The Story of the Beach Boys. (TVM 1990) GRANADA: 12.30 Movies, Games and Videos. 1.05 Graneda News. 1.10 Success in Cycles. 1.40 Run, Simon, Run. (TVM 1970) 3.05 The A-Team. 4.00 Superstans of Wrestling. 5.00 Granada News. 5.05 Baywatch. 11.25 Summer Dreams: The Story of the Beach Boys. (TVM 1990)

REGIONS

ITY REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

AMCLIA: 8-25 Fantasac Island, 10.05 Contoon Time, 10.15 The Littlest Hobo, 12.30 Countrywide, 12.55 Anglia News, 1.10 WCW Workwide Wresting, 1.50 Car-toon, 6.00 Anglia News on Sunday 10.15 Anglia Weather, 11.40 The Twilight Zone. CENTRAL:

CENTRAL:
9.25 Partistic Island, 10.05 Cartoon Time, 10.15
The Littlest Hotio, 12.30 Central News Week, 12.55
Central News 1.10 Family Theatre, 2.25 Take 15.
2.50 Châtfenge of the Seas, 3.20 Life Goes On.
4.15 The \$6-,000 Question, 6.00 Cantoon Time,
6.15 Central News 6.30 Munder, She Wrote, 10.15 Local Weather.

ORANEPIAN: 9.25 Fantastic Island. 10.05 Cartoon Time. 10.15 The Littlest Hobo. 10.45 Cartoon Time. 11.00 Sun-day Service. 11.45 Link, 12.30 Gardener's Diary.

cay service. 1148 Link, 12,30 Gardener's Daily 12,55 Grampian Headthes, 1,10 Leoldhean Is Salin, 1,40 Highway, 2,15 Beyond 2000, 3,15 The Wild South, 3,45 The 384,000 Question, 4,15 The Mountain Biles Show, 6,00 Grampian Headthes 8,05 Eleon, 6,30 Murder, She Whote, 10,15 Gramp-

GRAMADA:

9.25 Fantastic Island. 10.05 Cartoon Time. 10.15
The Littlest Hobo. 12.25 Young Up Front. 12.55
Granada News 1.10 The Wonderful World of Oisney. 2.35 Granada Action. 3.05 Man About the
House. (1974) 8.00 Cartoon Time. 8.15 Granada
News 8.30 Coronation Street. 11.40 Love at First
Sicht. programmes highlighting the conflict in Bosnia. In the first of two special editions of Opinions, Hungarian

HTV:

8.25 Good For Nothing: The Bravest Knight, 10.15
The Littlest Hobb. 12.25 HTV News. 12.30 HTV
Newsweck, 1.10 The A-Team. 2.35 Meredith on
Sunday, 3.10 Travelling Horses. 3.25 Superstars of
Wreeding. 4.15 The \$64,000 Question. 8.00 Cartoon Time. 6.15 HTV News. 10.15 HTV Weether.
11.61 Level at Flest Sold. 11,40 Love at First Sight.

11.40 Love at First Signt.

Signt Sign

Murder, She Wrote.
SCOTTISH:
9.25 The Mountain Biles Show. 8.55 Highway to Heaven. 10.59 Wernyas Bay 902101. 11.50 Link.
11.45 Sunday Service. 12.30 Life and Soul. 12.55 Scottand Today. 1.16 Brand New Life. 2.35 Country Ways. 2.85 The Lost World. (1980) 6.00 Scotland Today. 6.05 Elson. 11.40 The Twilight Zone.

TYNE TREES: 9.25 Pippi Longstocking, 12.25 The Littlest Hobo. 12.50 Tyne Tees Newsweek, 1.10 Cessaway Couboy, 8.00 Tyne Tees Weekand, 10.15 Local Management WESTCOUNTRY:

WESTCOUNTRY:

9.25 Fartisstic Island, 10.05 Cartoon Time, 10.15
The Littlest Hobo, 12.30 Westcountry Update,
12.55 Westcountry Westcould Latest, 1.10 Sky High,
2.35 My Story, 2.50 Life Goes On, 3.45 Champions,
4.15 The \$54,000 Question, 6.00 Cartoon Time,
6.15 Westcountry Westcould Latest, 6.30 Murder,
She Wrose, 11.40 Love at First Sight,
VORMERSHERS-

YORKUSHIFE:
9.25 Plant Longstocking, 12.25 The Littlest Hobo.
12.50 Calendar News. 1.10 Castaway Cowboy.
5.00 Calendar News and Weather 19.15 Local

that if 12 dxc6 Bxb2 wins BRIDGE

minutes.

CHARLIE WAS a member of my club. His bidding and card play were not good, but they were as nothing compared to his remarks, which betrayed a total ignorance of what was going on. The hand comes from rubber bridge:

A 10 8 4 AK97 ↑764 ♥ A K ♦ Q 8 3 ♣ A Q J 10 6 ♠ 5 2 ♥ Q9853 ♦ J 10 6 2 **♠ KQJ93 9** J 6 4

Both sides were vulnerable, but North-South had a partscore of 40 when West opened with one club. North doubled. East said one heart, South said one spade. West re-bid three clubs, and North's three spades ended the auction.

South and East were interna-

tionals, West was Charlie. He cashed ace and king of bearts, switched to ace of clubs and continued with the queen. Winning with dummy's king, declarer proceeded to play with great skill Complete elimination was impossible because he could not draw three rounds of trumps, so be planned partial elimination against East.

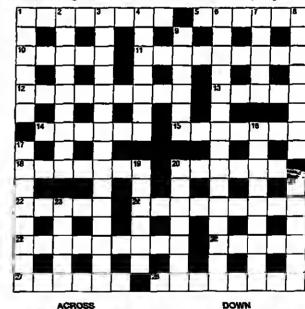
Cashing the ton diamonds. be ruffed a diamond with his spade nine, crossed to the eight of spades, ruffed another diamond and crossed to the spade ace. The scene was set for partial elimination. The heart 10 was led, but East brilliantly played low, escaping the endplay and forcing his partner to ruff and defeat the contract with his club knave.

Charlie caught sight of his partner's heart queen on the table and asked, in a hurt voice, why he did not win the trick with it and save West's trump. And answer came there

E.P.C. Cotter

CROSSWORD

No. 8,216 Set by DINMUTZ A prize of a classic Pelikan Souveran 500 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of 535 Pelikan vouchers. Solutions by Wednesday August 11, marked Crossword 8,316 on the envelope, to the Financial Times. Number One Southwark Bridge, London SE1 9HL Solution on Saturday August 14.



ACROSS
A clot rubs moth clumsily (8) 5 A violinist moving away from the bow? (6) 10 Marshy tract in cove where

French appear (5)
11 Vehicle powered by a generator sometimes? (4-5) tor sometimes? (4-5)
12 Sort of roll (A-E etc) (9)
13 Mother-in-law I complain about (5)
14 Steps to compose street-songs

(6)
15 Some races of men said to be wild (7)
18 Wind decline may affect this method of supplying food (3-4)
20 Firm leading feature of domestic fowl (6)
22 Bar times? (5) be exchanged (8)
9 Ho spital for some uneasy lumbar parts? (8)
15 Peter and John, say, stir in sleep - turning (9)
17 Prodigal lived by flute-playing

22 Bar times? (5)
24 Fellow-players met at same
(8)
19 This self-hoisting device is resort (4-5) mine! (6)
25 Burst of temper in sack fac- 20 Enduring in Derby, for exam-

tory (9)
26 Principal at an advantage (5)
27 Extra stump close to point?
21 Actors' deliveries to wings, as in mid-March? (6)
22 Doctor to tease Scottish girl

(3,3)
28 Condition affecting a number of policemen? Ring sister in the first place (8)

Solution 8,204

1 Doctor may give it for battle

upset (6)
2 Try Hermes out as a poetas-

ter! (9)
3 But it does not run only at

peak hour (8.7) 4 Court judges in superior posi-

tions (7) 6 CO₂ (6-2-7) 7 It takes time to become a

muse (5) 8 These bloomers of Iris's can

Solution 8,215



WINNERS 8,204: Mrs J. Cragg, Gorey, Jersey; M.E. Gill, Cohham, Surrey; F.A. Malin, Dublin; T. Pope, Bodega Bay, California, USA; Mrs D. Stewart, Cheltenham, Glos, Mrs C. Swann, Newcastle, Staffs



RADIO

SEC RADEO 2 639 Supits Berct. 8.05 Brien Methbes. 10.00 Chris Stant. 18.00 Heyen on Saturday. 1.50 Jamey's Criciast Team. 2.50 Seasoner Afternoon with Ed Shapert 4.00 Pornie Histon. 18.06 Cinems 2. 5.30 Nick Branciough, 6.00 Slave Race. 7.00 Kelle and Friends. 7.30 Descrite Through the War. 2.50 Seald Jacoba. 10.00 The Arta Plaggramere. 12.05 Flourie Plage. 1.00 Jon Briggs. 4.00 Teams Barot. Schubert. 9.35 Studio To BBC RADIO 4 S.CO News. 4.10 The Fantion W

7.00 Today. 9.05 Sport on 4. 9.30 Greeksway. 10.00 The Master MAC RADIO 5 Sun Open University: Sufficent and this Music, 6.65 Weather. 10.30 M Excess. 7.86 Setuday Morning Cadoort Berioz, Ravel Now. Bourt Feder MOD Flowers M.OS Promi Names Charles Harlawood . West to the weak's od looks Sports gut. 12.55 Westher

120 Record Paleste. Brahme. Segutarry, Barber, Prokotley, 1.00 News. The light of the Age. The distriction of music-making in the listings Gallery's paintings. 130 News, 1.05 Chendrin General, Mandalasonn, 245 La Comis Cry. 100 Just Record Parquests RAN Chiera Name. 6.25 A Look Back at the 736 Protes Niews. 230 Proces. Statute and

Testosterone ! Sing. By Steve May. 10.25 Oscar Puterson Trio. 12.30 News, 12.35 Close.

8.50 Prayer for the Day. 11.00 Talking Politics 1.36 From Our Own 12.00 Inside Money. Personal finance issues. 12.25 They Think It's All Over.

1,10 Any Questions? From Barmouth, Gwynned. 2.00 Any Answers? 071 580 2.30 Playhouse: Invitation to the Water By Rosamond Lehmant. See also 7.50pm. 4.00 Age to Age. 4.30 Science Now. 5.00 Costing the Earth. 5.25 Bright Sparks. WORLD SERVICE

SATURDAY
6.50 The Locker Room.
7.20 Kalekdoscops.
7.50 Seturday Night Theatre:
The Weather in the Streets. By 9.50 Ten to Ten. 10.15 Ninelysomething. A look at the early lives of some of Britain's oldest chicans. 10.45 Encounters. 11.00 The Tingle Factor. 11.30 The Young Postmen. By Ben Miler. 12.00 News. 12.32 Shipping Forecast.

12.43 (FM) Closs. 12.43 (LW) As World Service. BBC RADIO 5 5.00 As World Service. 6.30 Weekend Edition. 9.36 Get Set. 10.30 The Adve 11.00 Go! 12.00 Sport on 4 Plus 1. 12.30 Sportscall 1.30 Sport on Five. 6.06 Stx-O-Six. 2.30 Afropop Workwide. 8.30 Le Top. 9.30 Nightbest. 10.00 Sports Bulletin. 10.15 The Way Dut. 12.00 Closereceived in western Europe on medium wave 648 kft2 [482m] at these times Gain: 8,00 News; 6.50 Europe Today, 7,00 News; News About Britain; The World Today, 7,30 Merdien, 8,00 Newses, 8,30 People and Politics, 9,00 News; Words of Faist; A Joby Good Show, 10,00 News; Business Raport; Worldbrief, 10,30 Personal View, 10,45 Sports, 11,00 News; Jazz Now And Then; Letter From America, 11,30 BBC English, 11,45 Mittagamagazin; News in Mittagamagazin: News in Germen, 12.00 News, 12.30 Meridien, 1.00 News, Words of Feith Multirack 3, 1.45 Sports.

Faitty Multitracts 3, 1.45 Sports. 2,00 News; 280 News; Sportsworld, 4.00 News; ESC English, 4.30 Heuts Autuell; News In German, 5,00 News; Sportsworld, 8,00 BBC English, 8,30 Heute Aktuell: News in German, 7,05 German Festures, 8,00 Proms 93,8,19 News Ellier, Moure Syssessia Festures. 6.00 Proms: 33. 8.19
Prom Filter; News Summary.
8.25 From Our Own
Corresponders. 8.45 From The
Weeklies. 0.00 News; Words of
Faith; Personal View, 8.30
Morkillen. 10.00 News; News About
Buttain, 12.25 For The Asking,
11.45 Sports, 12.00 News;
Words of Fettr; Book Chotes; A
Jully Good Show. 1.00
Newsdeek. 1.20 The Ken Bruce
Show. 8.00 News, 201 Play of
the Week Under Ask Wood.
8.00 News, 201 Play of
the Week Under Ask Wood.
8.00 News, 1.00
BBC English. 4.15 Sports. 4.20
BBC English. 4.45 News and
Press Review in German. BBC for Europe can be

BBC RADIO 2 7.00 Don Maciest. 9.05 John Sacha. 10.30 Hayes on Sunday. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Tes at the 3.00 Alen Des. 4.00 Fee at the Bandolph. 4.30 Sing Something Simple. 6.90 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Helf Hour. 9.00 Alen Keith. 10.00 The Arts Programma. 12.05 Jon Briggs. 3.00 Alex Lester.

BBC RADIO 3 6.35 Open University: Witness to Change, 6.55 Weether. 7.15 On Your Ferm, Agricultural features and bulletins. 7.00 Bach and His Sons. JS Bach, CPE Bach, WF Bach, JCF Bach.

9.00 News. 9.06 Brian Kay's Sunday Morning, Hendel, Prokofley, Faure, German, Weelkes, Saint-Saens trans Liszt, Pairngren, Susato, Roesini, Elgar, Strauss, Satie, Britten, Satie, Debussy. 12,00 Vintage Years. 1.00 News. 1.05 Poetry in 1.20 Catch Philhermonic Orchestra. 2.45 Samuel Barber. 3.15 The Classical Plano. Schubert and Beethoven,

4.45 BBC Symphony Orchestra, Steven Study, Joseph Schwamber, Colin McPhos.

Programme and the second secon

11.30 Peter Hit. Judith Weir, Debusy, George Berjamin, 12.30 News, 12.35 Class. **BBC RADIO 4** 6.00 News. 6.10 Prolute 5.30 Morning Has Broken. 7.00 News.

7.00 BBC Proms. Harr

10.00 Sunday Play, King

7.40 Sunday. Religious news and views. 8.50 John Prescott MP. On behalf of the Queen Victoria Seamen's Rest. 9.00 News. 9.10 Sunday Papers. 8.15 Letter from America. 9.30 Morning Service. 10.15 The Archers, Omnibus, 11.15 News Stand. 12.15 in the Psychiamst's

1.00 The World This Weekend. 2.00 Gardeners' Question Time. 2.30 Classic Serial Abstander. 3.30 The Radio Programms. 4.00 Ages Past.
4.47 Sesta Days, Fissts Nights.
5.00 Leste Thomas in a Novel
Setting.
5.30 Poetry Pisstel 6.00 Delma Quartet. Haydin and 6.00 Six O'Clock News. 6.15 Letter from Turkmenisten

sountust exceriences 7.30 A Good Read. 8.00 Punters. 8.30 Laughing Aloud: Meditations on Basic Baroque. Kenneth Tynan's history of the female halfern emale bottom. 9.00 The Natural History Programme. 8.30 Special Assignment.

10.15 Memoirs of Sherlock

7.00 The Hidden Spint, Early

11.00 in Committee 11.30 Before the Ending of the 12.00 News. 12.33 Shipping Forecast. 1243 (FM) Close. 1243 (LW) As World Service. BBC RADIO 5

6.00 World Service. 6.30 Weekend Edition. 9.30 Whoppers. 16.00 Johnnie Waker. 12.10 Learn to Earn. 1246 Open Forum. 1.00 Sunday Sport. 7.20 Open University. 10.10 Across the Line.

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Private View/Christian Tyler

Still watching with mother

Lady Elspeth Howe, chairman of the Broadcasting Standards Council, talks about sex and violence on television

and how much a problem of exaggerated media attention our rulers find difficult to decide

But the British public is said to be worried by violence on television. Five years ago Margaret Thatcher's government created a quango called the Broadcasting Standards Council to prove it was doing something about it - "it" heing the depiction of violence not only in the sense of mutilation, injury or rape but also gladiatorial sex and swearing.

The appointment of William Rees-Mogg, former editor of *The Times* (now the Don Quixote of Maastricht), as its first chairman was greeted with the sort of derision that accompanied Lord Longford's inspection of strip clubs 20 years ago. The council was seen as the consummation of the Nanny State.

Last month the poisoned chalice of its chairmanship passed to Elspeth Howe, the 61-year-old wife of the former Tory chancellor and foreign secretary whose resignation speech was the proximate cause of Mrs Thatcher's downfall.

Lady Howe may have a nannyish air, But in right-wing Conservative demonoloy she is portrayed as something far uglier. According to Sir Nicholas Fairbairn, the rent-aquote MP, her haircut is the give-away. She is, he once said, the "typical intellectual", the type who would have espoused Communism in the the 1930s, the Lady Macbeth who banded the knife to her irresolute thane of a husband, Geoffrey.

Not quite. Elspeth Howe may have enjoyed playing hilliards and sitting up with the gentlemen over port and cigars at the foreign secretary's country house hut she is not the self-confident, ambitlous schemer her detractors suppose,

Nor is she an Intellectual. She was a secretary who hecame a dutiful Tory wife and sat ou women's committees, became a juvenile court magistrate and sat on many more committees. At the age of 53 she took a degree in social administration at the London School of Economics. She is an energetic, ama-teur member of that cluh known as the Great and Good: she is not very fluent when she talks, but is sincere, approachable, feminine, occasionally even coquettish.

No. Lady Howe's real crime is that she is a feminist. She was dep-uty chairman of that socialist cabal known as the Equal Opportunities Commission and her reputations has followed her into the new joh.

It is not, one might think, the function of a Broadcasting Standards Council to push the cause of women. Or is lt? Having answered, rather imprecisely, some questions about the link between television and street violence, Lady Howe went on to say that women as viewers and listeners were badly served because there were too few women in top broadcasting jobs.

Even if that were true, I asked, was it any husiness of the council's? "We come back to what's shown on television" she replied. "If there is too much violence - I'm not saying every woman programme maker would say 'we've had enough of vio-

of the parliamentary prog-

ress of the bill designed to

secure British adhesion to a Treaty

on European Union aroused so

much interest on the continent that

Last Saturday, some seemed to miss the point. The Neue Zarcher

Zcitung's headline ran: "Major's vic-

tory in lower house: Approval for ratifying the Maastricht Treaty."

That made me feel a hit like a citi-

zen of Stalingrad crawling from the

rubble some 50 winters ago, picking up a copy of *Pravda* and reading the

headline: "Red Army wins battle for

city." True enough, but Coincidentally, inside, a propos

nothing, was an interview with the

paper's London economic corre-

spoudent from 1926 to 1974. Hans

Egli, who still lives in London. It

was decked out with a picture of Spitfires of the kind that anti-Maas-

tricht campaigners made so much

tain the full independence of those

wonderful institutions that have hrought Britain to the enviable

position it enjoys today.

The denouement of the Maas-

tricht drama in parliament

attracted more coverage of a British

story than anything since the last

election, more even than the

use of in their campaign to main

I feel the need to return to it.



lence' - I think it is relevant that if we have more women coming up we will have much more of a halance." Men like to show violence and women hy and large do not?

"You put that into my mouth, It isn't what I'm saying. All my life I've tried to get women and men working together on every level. The women's groups would feel comfortable if there were more of

You think women should be promoted hecause they are women?

"Never! No, no, of course I don't. You know that, I don't think women should be promoted other than on their ability. I have never been in favour of what in America is called positive discrimination hut positive action, to see they get to the right places where they can be promoted. That includes giving a lot of attention to flexibility of attitudes of both men and women. I'm not saying that's going to solve all the problems of what people want to see on television."

The council is revising its code of practice which hroadcasters are required by law to reflect in their own guidelines. Among the additions is a paragraph on "political correctness". The Council, it says, respects the underlying arguments" and suggests hroadcasters should avoid words which may confirm a stereotype, unless that leads

As They Say in Europe/James Morgan

Continent applauds

the British debate over the Social

Chapter, or whatever it is now

called. The paper dismissed the

arguments curtly: "An EC-internal

market without a social charter

The trouble is that the views of

the British, particularly of those

opposed to the treaty, are not han-

dled seriously. British hostility to

most aspects of the Community is

viewed elsewhere in the EC as axi-

omatic - the Brits always say "No."

One French commentator noted

that in both Britain and France

there was a respectable patriotic reflex vis-a-vis Maastricht. But in

the case of the British there was,

"for this concrete and pragmatic

people, a sort of genetic inability to

imagine the abstract, the intangible,

to associate with a project that orig-

inated elsewhere, one that was

unprecedented, without reference to

seriously so long as that scepticism is couched in terms that reflect Brit-

There is a widespread view in

Denmark that the "Yes" majority in

the second referendum there was

assured by the "Eurosceptical" Brit-

ish politicians who were imported to help the "No" campaign.

in Britain, most notably in last Sat-

urday's Frankfurter Allgemeine Zei-

tung, was portrayed as the creature

of those whose political careers had

come to an end. The Tory rebels

So the anti-Maastricht campaign

ish attitudes.

he prevalence of this atti-

tude is damaging, for it is

impossible for scepticism about many elements of

would be a market economy with-

out a social safety net.

to clumsy circumlocution. I asked Lady Howe if this would make the council a hostage to various PC lohhies.

There are certain words we or our children may have used, like 'spastic', as a not very complimentary comment. Now it's not acceptable because those who are spastic find it deeply offensive. For broadcasters to be aware of that I would have thought is common sense. common courtesy. On any view of it, 'political correctness' changes

Surely, I said, it's the job of people who make programmes to be aware of these things. Do they need you to tell them?

"Ah, well I would hope that selfregulation, self-discipline is the major part of all this. That's absolutely as it should he."

So you are a finger-wagging hody? "No. I don't think we are. You are admonitory?

We are advisory. Mocked though it may have been, the conncil's code is a well-written document with which sensible people would find it hard to disagree. The trouble seems to he not so much what the council says, hut what it is. Powerless to help the customer or frighten the producer. It is reduced to the status of political lightning-conductor.

The council has little hite beyond requiring its findings to be puh-

lished and, occasionally, hroadcast, It adjudicates on complaints from the public under three headings: violence, sex and taste-and-decency. (There is a separate Broadcasting Complaints Commission to deal with matters such as invasion of privacy. The two bodies may he

he number of complaints ahout violence received hy the council more than trehled last year, to 230. Yet this was less than the figure for complaints about sex (273) and far less than that for taste and decency (587). The figures bely the perception that violence on television is a hig public preoccupation.

Statistics are not the council's only ammunition. Its memhers travel round the country talking to various groups, and research is portrayal of women, of ethnic minorities and of the mentally ill, violence on the news, or children's viewing hahits.

Lady Howe claimed the council had hecome a credible body. "I want to stress - because I do helleve it that if it was maybe regarded with susplcion both by broadcasters and some politicians without doubt it has established Itself, certainly with a number of hroadcasters, and they do take its findings seriously.

be dangerous too." "I think it is interesting that in

quite a number of cases where we have made findings the programme makers have acknowledged they have gone too far. That may be a justification for having a body outside to nudge." Her joh, she said, was to persuade.

Lady Howe is careful. Her replies were qualified to the point of hlandness. Perhaps it is hecause she is new to the job.

Do children watch too much tele-

"I don't think it's a question of watching too much or too little. It's what they watch."

Do you see television as a cultural

courge

"No, no. Quite the opposite. I am a tremendous enthusiast. The wild-life programmes...I know everyone says this is horing, hut if those had heen around when I was young I would have been interested...1 have a wonderful influence, hroaden minds . . . things people have never seen before, wonderful drama, 'Yes, Minister', news,

documentaries . . Were standards falling as a result

of Thatcher's Broadcasting Act? There is a concern about competitiveness and so on. No doubt all of that is an influence. But within whatever context, it is very, very important that one regards lt as a wonderful opportunity. But it can

Do you enjoy watching sex on

A few blunt words Michael

Thompson-Noel



a government THE revelation that John Major is capable of candid blunt and salty language when talking off-therecord to friendly journalists has surprised some been suggested that the recording

of the prime minister's conversation with Michael Brunson, ITN's political editor, in which Major used a variety of four, six and eight-letter words to communicate his lack of fondness for certain colleagues, may do him good. With luck, it is reckoned, Major's image as a leaden-tongued wimp may undergo correction

What piffle. Major is a gonner especially after this week's revolt of the wooden-tops in the Christchurch by-election, where a Conservative majority of 23,015 at last year's general election was converted into a 16,427 majority for the Liberal Democrats. Fifteen months too late, the voters of Christchurch rounded on the Tories with a malignant and squeaky fury.

In reality, all politicians, not just Major, are far more candid and salty when chatting in private than when speaking in public. In public. they have to be careful of what they say, so their utterances achieve a horrible mattness. But in private they relax. Their syntax disappears. Their words become nonsensical. They swear and joke and shout. It really is a spectacle.

To show you what I mean, I spoke yesterday to John Major and John Smith, Smith, a Scot, is leader of the Labour Party, though not many people know that, in the aftermath of Christchurch, where Labour lost its deposit, I wanted to provoke the two Johns into a spot of real

soul-searching.
To guarantee them privacy, I used a signal-scrambler. No one

HANDSAWS

responses were true to form. But I have left out the swear-words because the new Financial Times Style Guide states that "the gratuitous use of expletives or obscenities is discouraged

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FELDE TE

Four-letter expletives will usually be confined to infrequent use in the review [Arts] page I can live with that, though why the artsy-fartsies should receive any dispensation is a puzzle. First, I tackled Major. I said: "Did

yon read, John, what Olivier Blanchard, Rudiger Dornbusch Stanley Fischer, Franco Modigliani, Paul A Samuelson and Robert Solow wrote, in just one article, in the FT this week? They were describing Europe's lunatic monetary policies and exchange rate arrangements. They did not pull their punches. I bet you went chalk-white.

"So why not walk the plank, John? You are the most unpopular prime minister since the start of the fourth century. Why mvite more punishment? Unfairly or not. you are drawing the hlame for all life's unpleasantnesses, let alone the cock-ups."

"Are you sure?" the prime minister replied. "I mean . . . how did it come about, Michael ... like, Christchurch, y'know - load: of ... let me put it to you - the economy, of course ... I mean, wimpy guy like me. But I'm not

giving in like that, like ... On and on it went. Then I rang John Smith. I told him I had been impressed with his interview with Andrew Marr in The Independent on Thursday, in which he sharpened up his promise to introduce meaty political reforms (if he ever gets elected), including a referendum on proportional

representation. I said: "You are starting to raise your game, John. Many people will have agreed with your assertion that democracy in Britain is decaying, and that the Tories must be roasted for their arrogance. incompetence, complacency and sharp practices - especially their centralisation of power and the elimination of opposition'. But some of your critics still accuse you: John, of laziness and ineffectuainess. What do you say

to that?", "Away, ye thowless jad." shouted the Labour leader. "Gie me o wit an' sense a life, behint a kist to lie an' sklent. Our Stibble-rig was Rah M'Graen, a clever, sturdy fellow, but then he was sae fley'd by his showther gae a keek, an tumbl'd wi' a wintle. Likewise with political and constitutional reform, Michael, for by the L—d, tho I should beg wilyart pow, I'll laugh an' sing, an' shake my leg, as lang's

After that, I thought of elephoning Wing Commander Paddy Ashdown, leader of the Liberal Democrats, to solicit his

Summer Rites/Nigel Spivey

A Midsummer Night's tempest

Major's great victory they care little for European opinion and had no interest in winning a wider public to a position of nonnationalistic scepticism about what is termed the European process.

Mainstream French anti-Maastricht campaigners, who performed so well in the face of a huge government-backed referendum campaign last year, made no such mistake. They inserted advertisements in the newspapers of other countries stating that their position on the treaty did not reflect any hostility towards their friends and neighbours. They also had the ability to make themselves understood in other lan-

But British Eurosceptics appear as rancorous repositories of an embittered nationalism.

One reason is what happens when one translates their statements into other languages. The familiar "1,000-years-of-history" rhetoric sounds mad or menacing in Spanish or German, and is therefore disqualified from serious consideration.

The other problem is the easy British assumption that the British ss a higher kind of patriotism. that the sense of nationhood of other lands is somehow diminished or of a lesser nature.

Yet all over Europe there are people who eschew a policy of nationalist rejection yet feel uncomfortable in face of the perceived implications of the treaty, especially in the light of this week's events. The British possess the most vocal group prepared to articulate their concerns; it is the manner in which those concerns are articulated that discredits

■ James Morann is economics correspondent of the BBC World Service.

activity, among primitive peoples, is practised as a means of realising deeply-nursed desires. There are no isobar charts in the jungle, but the savage believes that if he can perform a really contagions mime of rain falling from the skies, rain will fall.

The civilised British likewise cherish the rain. It makes their grass green and their marrows plump. But when they call up the rain god, it is a much more oblique process. Rather than dance mimetic damp dances, or make loud gargilng noises beneath a full moon, they seek to seduce the elements by challenging them.
So they print invitations for

Pimms and picnics and barbecues in mercurial June. They lng hampers to Glyndehourne. They commission the rolossl of opera to bellow to thonsands in Hyde Park. And, most impudently, most efficacionsly of all, they stage Shake-

The bard, arguably, begged for it. To title a play A Midsummer Night's Dream invites every rain dancer in the land to try his luck. Nnt just in Regent's Park, hnt in little natural amphitheatres from Dover to Dunsinane. Wherever leafy backdrops make scenery redundant, there Puck and Oberon will plot their elvish mischief, their mischief being: to have us all drenched before the evening is ont.

But we, the audience, are made of sterner stuff. No matter that we are required to perch on the sort of slatted seat designed to corrugate all human posteriors. We are wellprepared for drama's pastnral mode. Against the icy fangs of a

T IS A commonplace of mid-July night, we have brought anthropology that symbolic our tartan rugs, our woollies and our nips of whisky.

Someone will kindly light a pipe or cigar, to keep the gnats at bay. And the first downpour only steels our resolve to see it all through. What we like to call the Dunkirk spirit flows generously. Huddled nnder nature's Inadequate awnings, we buck each other up. "Only a sprinkle," we say cheer-



fully. "Won't last long." And some insightful person will inevitably voice the trne anthropological purpose of all this: "Just what the lawn needed!"

The drama resumes. The rain has not dispersed us, but brought us into a closer, more comradely union. Those with fold-away plastic macs are a natural élite; those without improvise quite extraordinary prophylactics from Sainshury's carrier hags. But we are

moist night with the advertised programme of entertainment. Our money's worth will be had, if it

television? Do you find it boring?

while, find it boring if it goes on and on and on. It depends if it is

Context, she said, was what mat-

tered. And who will disagree with

her? Lady Howe may not be the

sharpest exponent of her mission

hut she probably expresses the sen-

timents of many people. She represents the values of an older generation - which is not to say they are

outdated - not the easy moral certi-tudes of the New Right.

There is, she said, a convention of parliamentary politesse. "I don't

really see why on radio or televi-slon, before a certain hour, we

should have bad language. Lan-

guage should be appropriate to who you are with." She might have

added that there are still places in

Britain where it is considered gross

rudeness for men to swear in the

Perhaps the majority of us feel

threatened and frightened by televi-

sion's relentless reflection of the

ugly side of our humanity. But are

broadcasters merely holding a mir-

ror up to Nature? Or are they cyni-

cally resorting to shock tactics to

win the widening war for ratings?

If the former, there is not much

more that Elspeth Howe and her

councillors can do hut grieve. If the

latter, they may hark a little -

company of women.

politely, of course.

"Up to a point. Yes I do, after a

We may have suspected that Bottom's asinine mask was made from old cornflake packets; now we know that it is. Wall wears his costume like a sandwich board; being absorbent, and easily streaked, this Wall has been thoroughly punished by the lord of rain. The lion roars soggily, and there is unwonted laughter when the King of Athens takes a tumble on the sodden

But one has to feel sorry for Titania's entourage - a dozen shivering six-year olds, drummed up from the local ballet school. Given no more than a few scraps of chiffon to cover their goose-pimpled flesh, they can only survive this initiation by scampering round like fren-zied sprites. It must be very charac-

These fresh-air Thespians are exemplary. To strut a part in dou-hlet and hose is demanding enough. To strut a part in soaked doublet and hose is pure beroism. As mortals and fairles unite to take the applanse, mingled with thundarclaps, beneath the dripping greenwood tree, it is worth remembering the instification of these beroics. This is not the triumph of hope ver experience. It fulfills a social functinn: it keeps the reservoirs

So far as I know, Shakespeare never actually demanded of his players that they performed out of doors. But he must have had an inkling. The rain it raineth every day, he sings. And a hey, ho, hey

equally unappetising events that have struck the House of Windsor. But the arguments that were deployed in the course of the various debates that led to John Major's threat to call an election occasioned no interest whatsoever. The "Eurosceptics", especially Lady Thatcher and Lord Tebbit, appeared frequently but their opinions did not. Of the papers I saw only the hum-